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Zhulali Addresses NATO Summit in Brussels

AU1006144795 Tirana TVSH Television Network in Albanian 1800 GMT 9 Jun 95

[FBIS Translated Text] Albanian Defense Minister Safet Zhulali today addressed the meeting of the defense ministers of the NATO member states and of 14 partner countries held in Brussels.

After thanking the NATO authorities for organizing this summit, Zhulali said that Albania follows with concern the developments in former Yugoslavia, particularly the tragic events in Bosnia. Albania continues to maintain the political contacts and cooperation with neighbors, the NATO states, and the partner countries in the interest of restraining the escalation of conflict, Zhulali stated.

Zhulali further underlined that the political solution should be further supported by means of force to implement the will of the international community. Regarding the problem of Kosova, Zhulali stressed the necessity of assessing the issue and the need to encourage dialogue in the presence of a third party. Meanwhile, Zhulali confirmed the respect for a nonviolent change of borders.

Mr. Zhulali also stressed Albania's readiness to create airport facilities for the alliance and other international institutions to carry out peaceful missions. The Albanian defense minister considered Albania being included in the planning and reviewing process to be an important event on the road of cooperation and integration into Euro-Atlantic structures. We have been committed to serious efforts for this integration. The military reform has been determinedly progressing and has scored evident successes toward Western standards in various fields of structure, military education laws, drafting and approval of the document on security and defense policy, and the strengthening of civilian control. Experience has been gained in the training activity within the Partnership for Peace framework. Consequently, out of 26 partners, Albania was included in the first 14 countries in the planning process.

The alternative of the NATO membership, Zhulali said in Brussels, has been encouraging not only for the army, but also for the Albanian public. He expressed the opinion that expanding the alliance with new members should be expedited. This would be an act that would again affirm NATO as a progressive force.

Zhulali further said that Albania will fulfill the interaction goals by remaining loyal to the viewpoint of Euro-Atlantic integration, which is the greatest warranty for our country's security.

Berisha Assesses Economic Progress, Ties to Italy

BR0906131395 Rome SECOLO D'ITALIA in Italian 9 Jun 95 p 13

[Interview with Albanian President Sali Berisha by Italo Bocchino in Tirana; date not given: "Sali Berisha: Let Us Strengthen the Accord Between Rome and Tirana"]

[FBIS Translated Text] *His name is Sali Berisha, and he spent 46 of his 50 years under the communist regime. Then, when the tide of democracy bathed Albanian shores as well, he became the undisputed leader of the Democratic Party, which today has an absolute majority, and president of the new Republic of Albania.*

Berisha received us in the presidential palace that for decades was home to the dictator. He is easygoing, understands Italian perfectly, and displays all his politician's charisma. Before he went into politics, he was a doctor, and earned himself a reputation as the country's best cardiologist. Then, in 1991, came the change. There was a first election, lost to the Socialist Party, made up of recycled communists, and a second in 1992, when his party achieved 62 percent and took over the country's leadership .

[Bocchino] How are relations between Italy and Albania, Mr. President?

[Berisha] We have excellent relations, and we have every confidence that they will be even better in the future. The phase of great humanitarian aid that your country donated to us Albanians will be followed by the economic cooperation phase, which will undoubdtedly be a success for both countries. What we are calling for is a greater, more organic joint approach to addressing the problems of a country that has experienced 50 years of communist dictatorship.

[Bocchino] What is your main request to the Italian authorities?

[Berisha] To enable our citizens to obtain seasonal work permits in Italy. This would bring three advantages: an increase in income for the families of those who go to work in Italy; vocational training in trade and industry, and, for us, a chance to stem the flow of illegal immigrants that there has been to date. I think that many problems could be resolved this way.

[Bocchino] But there is a large-scale Italian presence in Albania, with 54 percent of joint venture companies and 65 percent of invested capital in Italian hands. Now they, too, need your government's help in expanding business...

[Berisha] We regard Italian investors as very important, and we are prepared to help your fellow countrymen, as

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the extremely liberal laws passed by our parliament and the guarantees that we give foreign investors show. For decades, the Constitution prohibited private investment, and making up the lost ground has not been easy. Now we have to catch up, opening private ownership up to foreigners as well. I am sure that there will be ample room for all.

[Bocchino] What is your assessment of National Alliance's official visit proposing an "Adriatic pact" and a preferential axis with Puglia?

[Berisha] It is a visit of great importance, as is the role of the Right in Italy. Now, after this visit, we need closer bilateral relations, and I mean between institutions, parties, and individuals. The visit by Foreign Affairs Committee Chairman Tremaglia and National Alliance floor leader Tatarella is an important event for relations between Italy and Albania, as is the role that Puglia intends to perform within the context of these relations.

[Bocchino] What point has economic recovery reached in Albania?

[Berisha] Our country has made gigantic strides forward over the last three years. The lek (the local currency—SECOLO D'ITALIA editor's note) is holding firm, it is convertible, and has withstood the pressure of the strong currencies; inflation is down 400 percent to 10 percent; average pro capita earnings have quintupled; the increase in GDP has risen from 9 to 12 percent, thanks to the considerable contribution made by private capital; and unemployment has fallen from 52 to 17 percent.

Serreqi, Romanian Delegation on Regional Issues

AU0906155495 Tirana Radio Tirana Network in Albanian 1330 GMT 9 Jun 95

[FBIS Translated Text] This morning, Foreign Minister Alfred Serreqi received a delegation of the Chamber of Deputies of the Romanian Parliament, presided over by speaker of the chamber, Adrian Nastase.

During the meeting, which was held in a very friendly and constructive spirit, they exchanged ideas on further development of bilateral relations, stressing the need to boost economic and cultural relations that are actually preceded by a high level of political relations.

Mr. Serreqi also pointed out the good level of cooperation that exists at the level of multilateral relations.

They also exchanged ideas about the situation in the region, stressing the efforts our two countries should make to help resolve the crisis in the former Yugoslavia. Among other things, they pointed out that special importance should be given to the efforts not to allow the conflict to spread.

Mr. Serreqi underlined once more that a complete solution to the crisis in former Yugoslavia, including here the problem of Albanians living in their territories in Kosova, cannot be reached if all of its elements are not resolved. The Albanian Government has already made known its stance on the need for dialogue between Prishtina and Belgrade with the mediation of a third neutral party, he stressed.

Expressing his viewpoint on the crisis in the region, the crisis in former Yugoslavia, and the conflict in Bosnia, Mr. Nastase stressed the fact that closer cooperation between the Balkan countries would make a significant contribution to resolving many problems in our region.

Berisha, Nastase Discuss Cooperative Efforts

AU1006141195 Tirana TVSH Television Network in Albanian 1800 GMT 9 Jun 95

[FBIS Translated Text] At noon today, the president of the Republic of Albania, Sali Berisha, received Adrian Nastase, speaker of the Chamber of Deputies at the Romanian Parliament.

President Berisha expressed his pleasure over the visit by Nastase and the Romanian Parliament representatives, considering it a further contribution to expanding the historically friendly relations and cooperation between our two countries and peoples, as well as to increasing working contacts between the two parliaments.

Berisha delivered a short briefing on the course of the deep reforms in our country, focusing on various problems such as privatization and the distribution of bonds. President Berisha assessed that Albania and Romania, as two countries that are entering a new but difficult epoch, find broad space for an overall cooperation.

On behalf of the other delegation members, Mr. Nastase said that he was satisfied to to be on his third visit to Albania, where he sees great and rapid changes. Our visit conveys a message of friendship and a will to cooperate in all fields and serves to renew the historic and friendly ties between our peoples, Nastase stated.

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Gjinushi Sues Berisha Over Use of Sigurimi Files

AU1006140395 Tirana GAZETA SHQIPTARE in Albanian 6 Jun 95 p 3

[Article by A.C.: "Battle of the Files Rekindled, Gjinushi Attacks"]

[FBIS Translated Text] Vitriolic argument has again broken out over the question of the Sigurimi files in Albanian political life. This time, the noise of the political turmoil has reached the head of state, President Berisha. Yesterday, after the first salvoes in the press, Skender Gjinushi, president of the Social Democratic Party [PSD], laid charges against the president himself in the Constitutional Court. It seems that this unusual case—the first time that President Berisha has been formally sued—stems less from any specific action taken by him against Gjinushi than from his failure to act regarding the charges raised by a section of the press against the PSD chairman as a "collaborator with the infamous Sigurimi." Gjinushi considers this charge to be groundless, and has, therefore, responded harshly with his own charges. Gjinushi has proposed a bill that he has submitted to the presidium of the parliament, with the message of, "Open the files for myself and Berisha." The draft Gjinushi has submitted includes a list of other senior politicians, including Arbnori, Meksi, Gazidede, Dokle, Spahiu, Teta, and Laco.

The document bearing the PSD leader's signature was delivered yesterday morning to the Secretariat of the Constitutional Court. In three typed pages, Gjinushi asks for an end to what he calls "an illegal, anticonstitutional, and predictatorial situation." Gjinushi complains that, while ill-tempered argument over the substance of the law on the files continues, their contents are being turned into an instrument of political struggle. Gjinushi quotes an article of the Constitutional Law: "There can be no encroachments on privacy and its dignity," and then demands that the Constitutional Court should compel the president to respect his obligations arising out of Article 28/1 of Law No. 7,491 and to declare that the speculation and blackmail of a section of the press are anticonstitutional.

The Presidency has still not reacted to the harsh criticisms of the PSD chairman. It is perhaps still early, because the suit has only just arrived at the Constitutional Court. Asked by GAZETA SHQIPTARE yesterday whether he had any hope of the Constitutional Court considering his claim, Gjinushi himself said, "It is the court's duty to consider every submission alleging a failure to respect the Constitution, but this also depends on what courage the judges will show in this case."

It seems that the debate between Gjinushi and Berisha will rekindle the flames of the longstanding arguments over the secret files of Sigurimi collaborators. The opposition was the first to respond. Laco of the Social Democratic Union said, "I favor opening the files, but since this is Gjinushi's initiative, I must think about it." Arben Imami of the Democratic Alliance said, "We will support Gjinushi's initiative morally and politically." Namik Dokle of the Socialist Party expressed himself in similar terms yesterday.

The first reactions have also come from the presidium of the legislature. Whereas Deputy Chairman Malasi preferred to wait for a statement from presidium chairman Arbnori, and Ali Spahia, chairman of the Democratic Party [PD] parliamentary group, refused to allow the case to be put on the agenda, Shaqir Vukaj, the presidium's deputy chairman from the Socialist Party, hastened to affix his signature. Both parliamentary wings have in the meantime prepared bills about the files. All sides agree in principle to opening them, but it seems that a satisfactory solution is still a distant prospect. The PD parliamentary group had prepared a detailed draft of the delicate procedures for verifying the files of people invested with parliamentary authority, senior local government officials, ministers, and ambassadors, whose past lives will have to be sifted by a commission that will take charge of the files. This is the PD's draft.

[Box, p 3]

"I Am Now Waiting for the Court's Decision"

Immediately after submitting his suit to the president of the Constitutional Court, Skender Gjinushi expressed his belief that the Constitutional Court will follow up on the only suit to be brought so far against the head of state. "Of course," he adds, "this will also depend on the courage of the judges." He has also laid on deputies' desks a bill that plans to check the probity of nine of the country's most senior politicians, including himself. "I will call on all deputies to support me in this initiative, because a deputy has the right to take the legislative initiative." Thus another bill has been added to those already drafted by the parties. After one by the PD, one by the Socialist Party, and one by the Democratic Alliance, this bill by Gjinushi is the simplest and has the fewest points; it aims to lay to rest only the calumnies and rumors circulating in connection with well-known political names, rather than to solve the problem as a whole.

[A.C.] Do you hope that the Constitutional Court will examine your claim?

[Gjinushi] The court is obliged to examine every suit alleging violation of or failure to respect the

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Constitution. What decision they will take will depend on the courage of the judges to examine this case on the basis of the law rather than on the basis of favors. For me, the president's anticonstitutional behavior has been entirely proved.

[A.C.] What do you yourself propose as a solution to the problem of the files?

[Gjinushi] For me, circles close to the president have publicly sought a courtroom confrontation. Let us, therefore, prepare for this. The main thing is to check the files concerning certain politicians. I have, therefore, proposed a bill calling for the files of nine state and party officials, including myself, to be checked within one week.

[A.C.] Do you think that you will find support in parliament?

[Gjinushi] According to the law, my own signature is enough, because every deputy possesses legislative initiative for ordinary laws. I will, nevertheless, personally ask all deputies to sign this bill.

Gjinushi, People's Assembly and the Sigurimi Files

AU1106155795 Tirana KOHA JONE in Albanian 8 Jun 95 p 3

[Unattributed report: "The Party of the Sigurimi in the Parliament?"]

[FBIS Translated Text] At the start of yesterday's People's Assembly session, Mr. Malasi, chairing the session, informed the deputies present about the program of work for June, July, and for the week. The many bills in the program include those on the Labor Code, the Military Penal Code, the distribution of investments to local government, the Albanian-Russian consular convention, changes to the Radio-Television Management Council, the change of three judges of the Court of Cassation, etc... It was interesting to follow the demand of the Democratic Party [PD] deputies for the dismissal of the three judges, because, after a somewhat protracted silence during which signs of second thoughts began to appear, the PD deputies again demanded their dismissal.

Meanwhile, there will also be an interpellation and question sessions with ministers, including motions of no confidence in the defense, health, and agriculture ministers and in Deputy Prime Minister Vrioni, and urgent questions for the finance minister, etc.

Deputy Kalakula's proposal for a parliamentary discussion of the phenomenon of the kidnapping of children and girls in Albania was taken up in speeches by Deputies Dokle, Lloshi, Xhepa, Mece, Perpali, etc. In the end, a parliamentary debate to which the interior minister is to report was placed on the agenda.

Deputy Gjinushi then took the floor, and asked for the bill on opening the Sigurimi files of nine politicians to be included on the agenda. He called for a vote on this. The opposition's deputies also insisted on a vote, but at that instant Mr. Malasi gave the floor to Ali Spahia, who said, in connection with the bill to be discussed according to the agenda, that "with regard to the question of the clearing of the Chinese goods, my parliamentary group and I call for an adjournment of half an hour."

After more than three hours on the "chinoiserie" (!), parliament dispersed, to reassemble in the evening at 1800, when Gjinushi finally read his statement. He emphasized that "the official files remain closed," and accused the present government and RILINDJA DEMOKRATIKE of using blackmail over the files. He called journalists of RILINDJA DEMOKRATIKE "last minute Sigurimi agents or the very first ShIK [National Intelligence Service] men. It would do honor to parliament and to President Berisha either to open their mouths and the files, or to close both." He once again asked for the files of the nine persons whose names have been published to be opened. If the majority did not accept this, this means that there is at least one former Sigurimi agent, not only in the parliament, but in the pyramid of the states, or at least, by a simple calculation, 16 percent of the deputies are such. (Is the former State Security Service the third-largest parliamentary party?) In conclusion, Gjinushi emphasized in the form of a question that "the demons of the former Sigurimi and of the former dictatorship must not be allowed to become the demons of democracy or social democracy." Ali Spahia also made a statement and seemed to agree in principle with opening the files, but his speech was similar to one in an anticommunist electoral campaign. In conclusion, it was decided to discuss and decide whether to put Gjinushi's proposal on the agenda when Pjeter Arbnori returns home.

Parliament, in short, faces a difficult test: Either to decide to open the files, or to have its majority accused of having 16 percent of the members within its bosom accused of being Sigurimi agents. Will Albania accept the challenge of being led by former agents?!...

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Electrical Energy To Be Partially Privatized

AU1006203995 Tirana GAZETA SHQIPTARE in Albanian 8 Jun 95 p 1

[Article by Arlinda Causholli: "The State Decides To Privatize"]

[FBIS Translated Text] Tirana—The state has decided to surrender its monopoly of electrical energy and to share it with the private sector. The idea put forward by Berisha months ago has now become a reality. The government has approved a bill on privatizing this branch of industry, but first shedding only the electricity distribution system, and only 49 percent of that. In this way, it hopes to untangle one of the most complicated snags the electricity energy industry faces—the problem of large-scale theft. The transfer to private hands is apparently seen as the key to restraining the massive abuses, and moreover to attracting investment to the electricity network.

The principal way of privatizing the Albanian Energy Corporation will be through a stockholding company. The number of the shares will be determined by the Council of Ministers. Of course, the state will be the largest stockholder, with no less than 51 percent of the stock, in order to prevent any possible bankruptcy. Meanwhile, another bill will be drafted to regulate relations between the state, the private shareholders, and the public consumer. A regulatory commission will supervise the development of this three-cornered relationship, according to the law.

The electrical energy network in Albania is a unified one and consists of three main branches: production, transmission, and distribution. The industry's privatization will start with the distribution network, because the grid is in a very poor technical condition and requires repair as soon as possible. The state budget does not possess the resources to carry out a full rehabilitation of the network, and privatization has plenty of advantages. The state will earn substantial revenue from the future stockholding company with its stockholders owning different percentages of its capital, and may use this at the most critical points. Another advantage is that this privatization will increase competition, and this will inevitably lower costs and improve the quality of service.

The first phase of the privatization involves the distribution sector's 35 branches, located in the country's administrative centers. They have a staff of 5,500, and supply electricity to about 700,000 consumers, 95 percent of them domestic households. This is the reason why losses and abuses on the network are at present so devastating.

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Defense Minister Pavlov Explains Balkan Policy

AU0906135195 Sofia BULGARSKA ARMIYA in Bulgarian 6 Jun 95 pp 1, 3

[Interview with Defense Minister Dimitur Pavlov by "TANJUG correspondent in Sofia"; place and date not given: "Without Axes and Spheres of Influence in Balkans"]

[FBIS Translated Text] [TANJUG] How do you and your cabinet assess the situation in the Balkans and Bulgaria's political and military position and place in the region?

[Pavlov] Our assessment of the military-political situation in the Balkans is one of the most discussed topics at the meetings with colleagues from the European countries, including the Balkans. This is entirely logical since preserving peace and developing cooperation in the Balkans cannot be separated from the problems of European security and cooperation. Unfortunately, the general assessment of the situation in the Balkans, regardless of how complex and multifaceted it is, cannot be positive. In contrast to the integration processes that are developing in Western Europe, the Balkans are characterized by lack of stability, which is the result of the existing armed conflict in Bosnia-Herzegovina.

Bulgaria's policy in the region is aimed toward stabilizing the Balkans on the basis of the following principles: relinquishing all territorial claims and recognizing the inviolability of borders; respecting the sovereignty of and non-interference in internal affairs; and preserving equality in relations among all neighboring states. We call for all disputed issues to be resolved through political means, relinquishing the formation of "axes" and "spheres of influence," and demonstrating ethnic and religious tolerance. In this context we are in favor of an early cease-fire in Bosnia-Herzegovina and a peaceful solution to the conflict. There is a consensus among basic political forces in Bulgaria on preserving the principle of non-participation in any form, directly or indirectly, including under the aegis of international organizations, in military actions in the Balkans. We will not offer our territory for the conduct of such actions. Bulgaria's policy in the Balkans is a function and continuation of its European policy, which in effect means asserting the European standards of behavior among the Balkan states.

[TANJUG] In the 20th century the Balkans have been called the "powder keg of Europe." Last fall the Bulgarian Government informed the world with concern and alarm that a dangerous imbalance of arms exists in the region. What is the real situation in the Balkans in this context today and what dangers are hidden in this imbalance?

[Pavlov] The issue of the arms imbalance is a part of the growing tendency of increasing differences in our region between the various states' levels of security. Generally, there are two aspects of this. The first is the modernization of the arms and combat equipment of Greece and Turkey, which significantly changes the qualitative possibilities of those countries' armies within the framework of the "ceilings" determined by the Conventional Forces in Europe Treaty. Formally, without violating the clauses of the treaty, its leading principle is being distorted, namely, to refrain from violating the security of any state so long as the treaty is in effect.

The second aspect springs from the different degrees to which the separate Balkan states are incorporated in the basic international organizations and international legal structures and mechanisms of a military-political nature. One cannot describe as reassuring the fact that the entire territory of former Yugoslavia remains outside the sphere of the Conventional Forces in Europe Treaty. This fact underlines the inequality of the Balkan states in anything related to basic security issues. The solution lies in adopting measures on enforcing a lasting cease-fire, separating the fighting sides in Bosnia-Herzegovina, adopting a system of measures on creating and strengthening confidence not only among the post-Yugoslav, but also among all Balkan states, adopting measures on arms and armed forces control along the lines of the Conventional Forces in Europe Treaty model, that will apply to the entire territory of every state in the region, and working out an efficient mechanism for gradually eliminating the imbalances that have accumulated in the arms and armed forces and disarming to mutually acceptable levels that correspond to the "reasonable sufficiency" principle.

[TANJUG] Your country has proposed holding a meeting of the defense ministers and General Staff chiefs of the Balkan states, who, on the basis of their governments' decisions, would participate in an event that could strengthen confidence and security in the region. Is there a chance to organize such a meeting and what are the reasons that hinder the implementation of this idea, which is not actually a new one?

[Pavlov] In addition to the aforementioned issues, achieving the lasting stabilization of the Balkans is possible upon the basis of restoring and stimulating the dialogue in all spheres of cooperation among the Balkan states. The bipolar agreements that have been reached between the Bulgarian Ministry of Defense and General Staff on the one hand, and the respective departments of

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Turkey and Greece, on applying the specific measures on strengthening confidence and security and developing cooperation, make a significant contribution in this context. A similar agreement with Romania is being prepared.

Expanding the dialogue through developing multilateral contacts is a part of the intentions "to seek new integration forms of all-Balkan cooperation," announced by our government. The meetings of the defense ministers and General Staff chiefs that we propose aim at further expanding the parameters of confidence by exchanging opinions and assessments on the risk factors in the region, and ideas on eliminating them. No fundamental disagreement with the aforementioned reasons for holding such meetings was expressed in the talks I had with representatives of Balkan states. This encourages us to continue the joint efforts aimed at implementing the meetings. I think that the situation in the region obliges us to unite our efforts in seeking means of achieving a lasting peace. Europe and the world would greet the manifestation of a "regional solidarity" in the Balkans, which would replace the traditional negative notions of international relations in southeast Europe. I think that it is a high time for the Balkan states to express their own positions regarding their future, rather than rely on others to resolve their regional problems.

[TANJUG] How does the government of the Democratic Left and you, personally, assess the contribution of neighboring and friendly Yugoslavia to resolving the conflict in former Yugoslavia and the territory of the former Yugoslav republic of Bosnia-Herzegovina?

[Pavlov] I am convinced that one should not take a one-sided approach to the tragedy in Bosnia-Herzegovina. The conflict was caused by complex factors. A part of them spring from the historical fate of the Balkan states, which experienced a long and humiliating foreign domination and succeeded in restoring their sovereignty without achieving concurrence between ethnic and state borders. Other causes are related to the nationalistic bias against which no Balkan state is insured. A third group of causes is related to the interests of the great powers, their rivalry in the past, and their inability today to find a common attitude toward the conflict. The light-handed manner in which they divide the participants in the Bosnia butchery into aggressors and victims, Bosnian Serbs and Muslims, and guilty and innocent ones, is an example of insufficiently understanding Balkan history and the specific nature of the contemporary processes in the region.

Personally I assess positively the self-control of the Federal Republic of Yugoslavia [FRY] against the background of a conflict that is so close to its borders, and which affects a population for which the FRY has such compassion.

The fact that your country's leadership has not allowed direct intervention in the conflict or the conflict to spread to the territory of other Balkan countries is positive. If one of the fighting sides in Bosnia-Herzegovina is demonstrating realism and readiness for talks—then that is also to the credit of the FRY.

Our government and, I think, the political forces in Bulgaria, are in favor of an immediate halt to the military actions in Bosnia- Herzegovina and a peacefully resolution of disputed issues while respecting the citizens' rights. Bulgaria's position on noninterference in any way in the events in former Yugoslavia meets with general approval. The Bulgarian position on gradually lifting the Yugo-embargo is proof of the fact that we are interested in bordering on a friendly state, together with which we could eliminate the consequences of the civil war in Bosnia-Herzegovina.

[TANJUG] You said that because of the economic crisis and the economic restructuring from a socialist to a market economy, in 1994 Bulgaria did not allocated sufficient budget resources to the army. Has more been envisaged this year for modernization of the Bulgarian Army?

[Pavlov] The modernization of the Bulgarian Army is the most expensive part of the military reform. Regardless of how necessary it is, rearming the army cannot be achieved within a single fiscal year. Furthermore, our country just began to overcome the crisis.

This year, too, the military budget is not sufficient, but at least it ensures the maintenance of the army. The modernization of the Bulgarian Army will be gradually effected, within the framework of a 15-year program. We will mainly rely on our military- industrial complex. Only spare parts for maintaining the existing arms and equipment will be imported during the initial period. The modernization of the Bulgarian Army must not be viewed as a new round of the arms race. It will not change the defensive nature of our military doctrine and will be implemented on the basis of reasonable sufficiency.

I have already said that our public is concerned with the military imbalance in the Balkans. We would like to see the balance restored in both the qualitative and quantitative respects, but at a lower level.

[TANJUG] The program of the Democratic Left cabinet stresses that your government and country will cooperate with the Euro-Atlantic institutions and all neighboring countries in increasing the national security.

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[Pavlov] One could say that there is a certain consensus on this issue in our country. No country could afford to resolve its national security issues in a state of international isolation. Cooperation with the Euro-Atlantic institutions in the name of national security does not contradict good relations with all neighboring countries. Some of them are simultaneously members of the EU, the West European Union, NATO, the United Nations, and the OSCE. Others are striving for membership in the Atlantic security structures. Every country has the right to select the priorities in its national security policy, simultaneously noting of course the interests of the neighboring countries and the so-called superpowers. Sometimes we are impatient regarding our more rapid incorporation in a particular international structure. Debates regarding our membership in NATO are developing, and so on.

The government adheres to the opinion that only our willingness to join NATO is not sufficient. NATO membership involves the assumption of specific commitments. NATO is a joint defense organization and not a charity organization. A country that wants to join NATO must contribute to resolving the problems, rather than bring its own problems, conflicts, and claims to NATO.

[TANJUG] How do you assess the current cooperation between Bulgaria and the FRY, and specifically what are you proposing for enhancing this cooperation, especially between the two countries' armies?

[Pavlov] The Bulgarian Government is making efforts to develop good-neighbor relations and cooperation with all Balkan states without exception. The FRY is our neighbor. I hope that we share a common interest in developing as stable and prospering states, jointly aspiring toward integration in European structures. This is the reason for wanting to intensify relations with the FRY, relations that should be constructed in accordance with the European standards, benevolence, and openness.

Unfortunately, the armed conflicts on the territory of former Yugoslavia and the sanctions imposed by the UN Security Council do not allow those mutually acceptable goals to be implemented quickly. By lifting the embargo, the necessary conditions will be created for developing cooperation between the two countries' armies, just as cooperation in Bulgaria has already developed in this sphere with other Balkan states. I think that there are no fundamental obstacles that prevent our countries from reaching agreement on applying a broad range of bilateral measures to strengthen confidence and security along our common border, developing a mutually beneficial military-economic and military-technical cooperation, effecting contacts and exchange in the spheres of military training, military medicine, civil defense, and so on. Undoubtedly, this will be an important contribution not only to developing bilateral relations, but also to strengthening confidence and security in the Balkans and Europe.

[TANJUG] Bulgaria and Yugoslavia have modern military industry enterprises. Is it possible to have cooperation on an equal basis for the purpose of modernizing our armies and appearing on third markets?

[Pavlov] By developing military cooperation with Greece, Turkey, and Romania, the Ministry of Defense of the Republic of Bulgaria has achieved positive results in resolving issues related to joint production and production sharing in the military industry. I mean, first of all, the exchange of information in the sphere of military production and implementing joint research and scientific-technical programs. The potential that the Republic of Bulgaria and the FRY have in the military sphere and the experience they have in production sharing and joint production with other states create favorable conditions for cooperation in the military production sphere in the future. I stress, in the future, because of the existing sanctions and ensuing restrictions and bans. Taking a statesmanlike approach to international relations obliges us to take a long-term view of the issues, and seek points of contact on which we could base ourselves in an attempt to raise our bilateral relations to a level that corresponds to the two countries' interests.

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Klaus Views Yugoslavia, Benes's Postwar Decrees

AU0906143095 Prague DENNI TELEGRAF in Czech 2 Jun 95 p 3

["Regular" interview with Czech Prime Minister Vaclav Klaus by Tomas Chalupa in Prague on 1 June: "There Are Always More Revenues Than Expenditures at the Beginning of the Year"]

[FBIS Translated Excerpt] [Chalupa] Are you aware of any possibility of settling the conflict in the former Yugoslavia at a time when the situation is deteriorating from day to day? Do you believe that the UNPROFOR [UN Protection Force] can in all fairness fight in Bosnia?

[Klaus] I do not believe that the conflict can be settled by military means. I do not think that increasing UNPROFOR strength in this region, and equipping these forces with larger and more efficient weapons can in any way solve the situation in former Yugoslavia. I believe that this can be achieved only by negotiations by politicians at the highest level. When I refer to political negotiations at the highest level, however, I am not referring to the Lord Owen mission. The situation in Bosnia should be discussed by the top-level political representatives, who would try to attain a realistically achievable objective. In other words, I prefer a political summit to a strong army. [passage omitted]

[Chalupa] Do you consider it possible to morally condemn the Benes Decrees [confiscating German property at the end of World War II] without automatically opening the issue of their legality?

[Klaus] Every time I hear that something should be morally condemned, I must say that I do not understand it very well. For myself, I very much agree with the statement made by Chamber of Deputies Chairman Milan Uhde last Tuesday [30 May], in which he says that the postwar Benes Decrees were an echo to the call, and a moral condemnation would be judging the echo without any regard to the call. I have just completed an address I will deliver in a few days at the ceremony on the occasion of the 53d anniversary of the annihilation of the village of Lidice. Could it be that what happened in Lidice, for instance, 53 years ago, to a certain degree compelled what came after the war? Is it not really the call that induced the future echoes? [passage omitted]

Prime Minister Rejects Offer To Close Temelin

95CH0259A Prague MLADA FRONTA DNES in Czech 13 May 95 p 1

[Article by jet, em: "Klaus Has Rejected Schillings for Temelin"]

[FBIS Translated Text] Prague (jet, em)—Prime Minister Klaus has rejected the offer made by Austrian Chancellor Vranitzky that Vienna would pay 500 million schillings if Prague would halt construction of the Temelin Nuclear Power Plant.

The Vranitzky offer was the first specific amount of money which Austria has offered to pay for suppressing the Czech nuclear program within the framework of its antinuclear approach.

After meeting with the Austrian chancellor yesterday, Klaus said that construction at Temelin is a priority matter for the Czech Republic. According to him, special attention is being devoted to quality and safety. "This is in the interest of all, not only of us Czechs," Klaus stressed.

Five hundred million schill[illegible] in other words, approximately 1.3 billion korunas, represent approximately one thirty-fifth of what the unfinished Temelin project has thus far consumed. According to Miroslav Novak, press spokesman of the CEZ electric power corporation, the cost of work on the new nuclear power plant has already totaled 45 billion korunas.

The value of the Austrian offer is also indirectly indicated by the facts stemming from a study made by the well-known Canadian Ontario Hydro electric power corporation. According to the study, a saving of 254 megawatts [MW] of electric energy would require investments by households as well as by corporations of approximately 2.9 billion korunas. Temelin is supposed to have a capacity of 2,000 MW.

Austria had already suggested that the Temelin project be converted to a power plant that would burn natural gas. Czech specialists rejected this proposal, with the justification that electric energy would then cost twice as much as that produced in a nuclear reactor. Moreover, it would be necessary to assure reliable supplies of gas from abroad on a long-term basis for the future.

Possible Skoda-DPRK Reactor Deal Analyzed

AU0906135695 Prague RESPEKT in Czech 5-11 Jun 95 No 23, p 4

[Article by Jindrich Sidlo: "Reactors for Pyongyang"]

[FBIS Translated Text] Eighteen months after his unsuccessful attempt to sell nuclear reactors to Iran, Skoda

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Plzen Director General Lubomir Soudek is convinced that he is finally close to a major commercial success in the field of nuclear power. In an interview for the REUTER agency last week, Soudek declared that his company could supply nuclear reactors to the DPRK. Moreover, the deal, worth more than $1.0 billion, would, according to Soudek, also have a positive diplomatic effect. Apparently, it could help to resolve the long-term dispute between Pyongyang and Washington regarding the North Korean nuclear program.

Skoda Will Take Care of It

The dispute between the United States and the DPRK, to put it simply, involves the following: The Americans want the North Koreans to replace their graphite reactor—from which, over two years, it is possible to obtain enough plutonium to manufacture a nuclear bomb—with two light water reactors where such a risk is much smaller. Moreover, Washington is pushing for South Korea to supply the new reactors to Pyongyang. This is logical. That is, the entire project is being financed by the Americans and the South Koreans and, therefore, they are interested in ensuring that their money "stays at home."

Of course, the DPRK disagrees with the "South Korean" option and the talks—which are currently being conducted in Kuala Lumpur in Malaysia—have reached a deadlock for the time being. Light water reactors are manufactured in other West European enterprises, but Lubomir Soudek thinks that supplies from his company would be the politically least problematic option. "We would like to act as a kind of catalyst," he said in the interview for REUTER. "Neither South Korea, which the North Koreans hate, nor any of the powers will find a solution there. Little Skoda will find a solution there instead of them."

Soudek's pronouncement sounds terribly self-confident. But, what are his real hopes of success? According to one of Skoda's spokesmen, Karel Samec, no specific negotiations have been held yet. "It was just an idea expressed out loud; one of the possibilities for resolving the problem on the Korean peninsula." The Prague embassies of all three of the countries involved refused to comment on Soudek's proposal last week.

As opposed to his mission in Teheran the year before last, which dragged the Czech Republic into a scandal of global dimensions (for example, THE NEW YORK TIMES called the Czech Republic "a death merchant capable of anything"), this time Lubomir Soudek can rely on the support of domestic officialdom. "Such an order would have a positive affect on the utilization of the reactor hall constructed in Skoda at considerable cost at a time when there were still illusions about abundant deliveries of reactors to the countries of the former Eastern bloc," says Deputy Trade and Industry Minister Radomir Sabela. "Therefore, it is impossible to have any reservations against Mr. Soudek's initiative." Of course, Skoda has not yet applied for an export license and, therefore, according to Sabela, it is impossible to consider Soudek's plan "unequivocally." The State Nuclear Safety Office would also express its opinion on a possible application for a license. "A delivery of technical equipment such as reactors is not in itself dangerous from the point of view of obtaining misusable plutonium," says office deputy director Karel Boehm. "That is to say, plutonium is only obtained from spent fuel, which the Czech Republic would definitely not supply." Soudek declared in the interview for REUTER that the U.S. side would arrange the fuel supply and the control equipment. This is the reason Soudek's Korean involvement does not even bother our Foreign Ministry. Namely, the U.S. guarantee provides an assurance that the director's possible success will just remain a good deal and will not turn into an international affair.

ODS, KDS Parties Reportedly To Merge

AU1006142095 Prague MLADA FRONTA DNES in Czech 3 Jun 95 p 2

[Article by Jiri Kubik: "The KDS Will Merge With the ODS and Cease To Exist"]

[FBIS Translated Text] Prague—Vaclav Klaus, prime minister and chairman of the Civic Democratic Party [ODS], announced after yesterday's meeting with the four most senior representatives of the Christian Democratic Party [KDS] that the two parties are to merge into a single political entity.

Following the merger, the Christian Democrats will get one ODS deputy chairman post and two seats in the ODS's most senior 20-member party body—the Executive Council. This agreement still has to be confirmed by the two parties' congresses, which will be held this fall.

"The date of the complete merger, including property, has—in the meantime—been set for the end of March or beginning of April next year," said Klaus. He explained, however, that the integration of the two parties, which will be known only as the ODS, will begin in two weeks. That is to say, in 14 days, the most senior party bodies should sign an agreement on integration at their sessions and the two parties' congresses should approve it in the fall.

ODS and KDS officials have not yet reached an agreement on the percentage of KDS representatives on the joint slate prior to the parliamentary elections.

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"There are still differences between us here," said Klaus. KDS Chairman Ivan Pilip refused to comment on these differences. "It would be pointless to go into the details at the moment. I think that we will soon be able to announce that we have reached an agreement," he added. Namely, the ODS and KDS representatives will hold another meeting within the next two weeks.

Although the two parties' representatives agreed at yesterday's talks on the kind of representation the current KDS members will have in ODS bodies, it is still not clear who will eventually fill these party posts. Klaus has declared that Pilip will definitely be visible in the ODS's future policy, but the Christian Democrats' last congress will decide on which of the current KDS team will be deputy chairman of the party after the merger. "We are proceeding from the premise that the KDS will elect its No. 1 representative at its congress," added Klaus.

Discuss Election Slates

AU1106153795 Prague MLADA FRONTA DNES in Czech 8 Jun 95 p 2

[Article by Jiri Kubik: "The ODS Yielded to the KDS in How To Compose the Joint Election Slates"]

[FBIS Translated Text] Prague—Representatives of the Christian Democratic Party [KDS], who became afraid after the merger talks with the Civic Democratic Party [ODS] on Friday [2 June] that their names might not appear on the joint list of candidates for the next parliamentary elections, apparently relaxed.

In the meantime, the ODS backed off its demand that the inclusion of specific people from the KDS be eventually decided by the ODS members in the individual regions, or possibly by the members of the ODS Executive Committee.

"The ODS representatives came up with the idea that our people would pass through the normal screening in the party. If only a few of our members reached the elected posts, the ODS Executive Committee would add several of them to the other lists. That, however, was not acceptable to us," one high-ranking KDS member, who wishes to remain anonymous, said yesterday. The KDS was concerned that according to the principle proposed by the ODS, the Executive Committee may have omitted including one of the KDS deputy chairmen, and the KDS specifically wanted its top officials to run in the elections.

Several KDS members agreed that the person most afraid of the ODS proposal concerning the composition of the slates was Deputy Chairman Vaclav Benda, who is not acceptable as an election candidate for most members of the ODS.

ODS spokesman Jana Petrova refused yesterday to comment both on the original proposal of her party on the composition of the slates and on whether the ODS had changed its views. "We made a certain proposal. I prefer not to go into details because that was discussed in the closed part of the talks that has not yet been concluded," she said.

Nevertheless, some KDS members confirmed that they have already reached an agreement on this issue with the ODS negotiators. Ivan Pilip, chairman of the party, even denied the news rumored in the parliament lobbies that after the latest talks between the ODS and the KDS it is very uncertain whether the two parties would merge. "That is a false alarm. That problem was solved," he said.

KDS Presents Privatization, Competition Program

95CH0259B Prague HOSPODARSKE NOVINY in Czech 5 May 95 p 11

[Article by jp/vb: "The Economic Program of the Christian Democratic Party"]

[FBIS Translated Text] The Christian Democratic Party [KDS] has formulated its goals for the economy within the framework of its program entitled "Renewing the Face of the Nation." We are publishing this program's economic portion in order to make it easier for our readers to become familiar with the economic-political programs of Czech political parties.

The KDS Declares:

Our principal goal in the economic area is the fastest introduction of a standard economic environment—a market economy—and the guarantee of its basic pillars: private ownership and free competition.

There is no room in the current situation for experiments in searching out new economic systems and such experiments represent excessive risk, because the necessity to rectify possible errors would result in yet further lagging behind the rest of the world. We, therefore, support the completion of the radical economic reforms which were begun in 1990-92.

The Role of the State in the Economy

We stress the humanitarian, social, and ecological aspects of economic development, but, at the same time, we reject efforts to utilize these viewpoints in the deformation of economic criteria which are the sole decisive factors in the economic development of the country. For this reason, it is essential to characterize

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those regions in which economic rules are applicable only with a number of limitations (excluding economic influences in public health, education, science, culture, security, etc.). Clearly, areas are to be identified in which direct intervention by the state is possible as well as desirable.

In this connection, it is important to reduce the share of the state in distributing the GDP, to totally separate the management of enterprises from the state and to limit the overall role of the state only to setting the rules for the independent management of economic entities and to exercising oversight over adherence to standards. The restrictive functions of the state must be aimed, for example, against irresponsible actions and against monopoly standings.

State Policy

From the standpoint of the economic policy of the Czech Republic, the principal goals of the state currently include maintaining stability of the currency, maximum possible suppression of inflation, maintaining a low degree of indebtedness, and the most balanced possible balance of payments for the country. The fiscal (budgetary) and monetary policies of the state must be based on these priorities.

Moreover, we consider a balanced state budget to be a necessary prerequisite for the stabilization of the economic environment in the country. But we are asserting a further lowering of its overall amount and a restructuring of the revenue and expenditure sides.

We shall be asserting a reduction in the tax burden, because its current level undermines business activities, leads to tax fraud, and tends more to reduce overall tax proceeds collected by the state. It is necessary to create a system of tax relief which would facilitate direct support for generally beneficial activities.

We support a strict financial policy as a condition for maintaining the quality of the currency, without which inflation could be accelerated and could result in insecurity regarding the economic environment.

We shall continue to consider support for especially high-quality projects of modernization and restructuring through the form of state guarantees and advantaged credits.

Privatization and Business Activities

An important factor in the development of the economy is the functioning of the business sphere, primarily of the middle class, which will be expressly supported by us. The activities of people and their free economic actions create new job opportunities. The expansion of the entrepreneurial class is, moreover, of importance to the renewal and stabilization of the social and societal structure of the country.

In this regard, one of the priorities of economic policy must be the accelerated conclusion of the process of privatization, oriented particularly toward the development of small- and medium-sized businesses. We place special emphasis on the importance of natural restitutions of original property, because they help in the renewal of the natural structure of ownership relationships in the most rapid way. We consider the restitution of legal entities and exiles to be incomplete. We condemn the unlawful delays involved in the restitution of authorized individuals.

Agricultural Policy

After reprivatization through restitution and after the period during which new business entities come into being, we favor their stabilization and development through the creation of a market environment, through tax relief and specific state support, for example, state support for economic-ecological functions involved in the settlement of the landscape or in restructuring production activities.

To the maximum possible extent, we shall create opportunities for interconnecting agriculture with the processing industry. We shall mount efforts aimed at the development of above-standard tendencies leading to state customs and tariff protectionism.

We insist on constituting a situation in which the majority of small waterways will be in the hands of individual owners. We intend to promote their association and cooperation with communities through responsible care for flowing waters in the landscape.

We do not forget that in handling nonrenewable resources we are confronted by our responsibility to future generations. New aspirations will include both the renunciation of wasteful consumption and also permanently sustainable production.

Transport Policy

In the area of the transport infrastructure, it is essential to strive for a consolidation of the trans-European network (railroads, highways, roads, and other communications) in terms of comparable European parameters. We shall support mass transportation, primarily mass railroad transportation, which appears to be more ecological and frequently also has a social role to play.

Employment

We shall differentiate strictly in terms of employment policy. On the one hand, we shall be in favor of tight-

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ening up the criteria and their subsequent control involved in drawing support for unemployment; on the other hand, we will provide universal support for an active employment policy. That is why it is necessary to aim amounts devoted to this area particularly to payments in support of the opportunity of reinvolving people in the work process, primarily payments made for retraining. An orientation toward changes in the economic structure of the country is useful so that, following these changes, the natural degree of unemployment based on a rational deployment of manpower and a purposeful utilization of the human potential could begin to grow.

Social Policy

Our goal is to create a society capable of being compared with the most mature states in Europe. A well-functioning economy is also a prerequisite for the high level of social certitudes in old age, sickness, and other difficult life situations. Striving for social justice is a duty for everyone. We believe that this duty must not be exclusively entrusted to the state. The state cannot carry it out without the authority which tends to seduce it toward totalitarian approaches. Social justice is primarily a task for society and its self-protective mechanisms, including self-help organizations and independent trade unions. In the field of social security, the KDS wants to build particularly upon the element of individual responsibility.

CSSD Economic Policy Profiled at Congress

95CH0259C Prague HOSPODARSKE NOVINY in Czech 5 May 95 p 11

[Article by Kristian Palda, Queen's University, Kingston, Canada: "Expansion Based on Budget Deficit and Intervention Actions—A Look at the Economic Policy of the Czech Social Democratic Party"]

[FBIS Translated Text] The 28 March issue of HOSPODARSKE NOVINY carried an abbreviated version of the economic portion of the election program put forward by the Czech Social Democratic Party [CSSD], which was presented to the congress of that party. For this reason, it is not yet the official platform of that party. The proposed economic approaches are broken down in three headings: program goals, instruments-economic policy, and priorities.

Before taking a more detailed look at these three parts, it is suitable to advance a general remark: The proposed national economic program gives rise to a strong impression that it has already been seen before—in the form of Mitterrand's Social Democratic Party program for the elections of 1981. As is well known, Mitterrand won by a landslide, and his government was forced to abandon its economic policy after two years as a result of the monetary crisis.

The program of any political party is primarily aimed at election victory and only secondarily at the logical-analytical accuracy of the argumentation. The general approach of a political party to success in the elections is to interest as many special interest groups as possible among the population through promises—and overlook their feasibility, as well as the expenses connected with them. Surprisingly, this approach is neglected here in favor of a fashionable high-tech formulation of interventionism, which is attractive primarily to intellectuals with leftist leanings.

Four goals are identified—all of them praiseworthy, partially contradictory, but difficult to achieve: stimulation of a higher growth rate for the GDP (5 percent); maintenance of low unemployment, but not at the price of overemployment; preservation of price stability and the social consensus; and maintenance of a balance regarding the balance of payments. The latter three have already been achieved by present government policy. The fact that they are contained in the program shows how little room the Social Democrats have for their differentiation, if they wish to show themselves as being sensible in their economic platform.

As a road toward attaining these four goals, the program primarily sees the increase in productivity, based, among others, on the restructuring of industry on the basis of comparative advantages provided by a high degree of manpower qualification. The greater part of the proposed policy then deals with the instruments for its realization. The introduction then confirms the correctness of the actual development: stability of the currency, liberalization, changes in ownership—these are considered to be "firm" points.

The first slogan of the CSSD is "Committed Ownership." This is a colorful mix of adequately specific proposals which have one thing in common: the stressing of a greater degree of control or at least an undiminished presence of the state in investment funds, "public networks" (railroads, postal service, communications), banks, and the flagships of Czech industry. The obsession with high-tech modernism, so dear to the "mandarins" of the EU, is heard in the intention to change flagships into transnational corporations. And, at the same time, to give direction to the influx of foreign capital.

Under the slogan "Institutional Conditions," the principal proposal is to establish financial prosecutors and the assurance that the advent of the Social Democrats will result in greater emphasis on the ethics of business. The

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third instrument is the generally undefined strengthening of "state control" by outlining the responsibilities of the NKU [National Audit-Control Office].

"Macroeconomic policy" is seen as an expansive monetary policy and a fiscal budget deficit policy. The operative sentence, which is clearly reminiscent of the unpleasant French experiences of 1983, reads: "For the most immediate phase, this policy considers it to be essential, even at the expense of balancing the budget in the short term, that priority be given to a tolerable expansion of revenues which could facilitate the development...." Thus, an expansion, but a "tolerable" one.

The fifth instrument is a "policy of employment" described in a brief paragraph which defends the transfer of the authority to control wages to a tripartite negotiating process. Finally, the sixth instrument is supposed to be "structural (particularly industrial) policy" which is necessary "where short-term viewpoints of market entities are failing." It is somewhat unclear how priorities enter into the program at this point.

The overall character of the proposed CSSD economic policy can be summarized in two principal motives: an expansion based on a budget deficit and sectoral interventionism, both expressed in the high-tech language of OECD publications. Because the economy in the Czech Republic is open, as it was in France 13 years ago, and because it is also small, the proposed policy would shortly result in troubles for the Republic. It is necessary to draw attention to two aspects of the program: It does not directly address any precise interest groups and it is socialist, if we define socialism as interventionism.

Currency Law To Provide Convertibility

95CH0259D Prague HOSPODARSKE NOVINY in Czech 3 May 95 p 1

[Article by Jan Zizka: "The Draft Foreign Exchange Law Will Bring Czech Republic Membership in the OECD Closer"]

[FBIS Translated Text] According to expectations by government representatives, the Czech Republic is supposed to join the Organization for Economic Cooperation and Development (OECD) as early as this year. This step is to become one of the pinnacles of Czech reform and should assure the Republic a prestigious standing alongside the 25 economically most mature countries of the world. Prime Minister Vaclav Klaus has stated that one of the key points of his current visit to the United States is precisely the obtaining of support for entry into the OECD.

However, as is the case involving the European Union [EU], membership in the OECD is not merely the result of political negotiations. It is expected that the Czech Republic will adapt its legislation, its economic, monetary, and ecological policies to the code of this organization which is headquartered in Paris. "The Czech economy must fulfill the standards which are customary among OECD member countries," Petr Bambas, counselor of the Czech Embassy in Paris, told HOSPODARSKE NOVINY in an interview. At present, negotiations are being conducted at the expert level regarding measures which are designed to bring Czech Republic membership closer, including the liberalization of capital movement, tax questions, and environmental questions. Meanwhile, Prague lags behind specifically in the area of currency convertibility, which is a matter of course in terms of the conditions for membership, and it lags in liberalizing foreign investments, and in the movement of capital. According to Petr Bambas, adoption of the new foreign exchange law, which is expected to assure convertibility for the koruna in accordance with Article 8 of the International Monetary Fund, is key. "But for now we are talking about what we shall do, rather than about what we have already done, and the OECD will be monitoring to see how these intentions will be actually reflected in legislation," stressed P. Bambas.

But the final goal must be a thorough liberalization of capital movements, including portfolio investments, which goes beyond the framework of Article 8. The Czech side can, as noted by P. Bambas, obtain some temporary exemptions from the regime, which is customary in OECD countries. These exemptions will clearly be rescinded following a certain transitional period, which begins after membership is granted. The experts are negotiating also regarding a certain limitation on direct investments—in construction and in cases having to do with the security of the country. It is nevertheless certain that the OECD will agree only to a limited number of time-specific exemptions.

Failure in Czech-Slovak Clearing Mechanisms Noted

95CH0259E Prague EKONOM in Czech 17 May 95 p 3

[Editorial by Eva Klvacova: "The Bell Tolls for the Clearing System"]

[FBIS Translated Text] The clearing system in use between the Czech Republic [CR] and the Slovak Republic [SR] is terminally out of breath. It is a remnant of the effort to achieve an individualized adjustment of economic relations involving the former partner within the joint federation, which is today an independent state. At the beginning of this effort, there was a currency union.

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It was not able to survive for long. The basic conditions were lacking for its preservation—primarily comparable economic output and a conforming political will to proceed jointly. Neither does the clearing system have a chance for survival. It has been brought into question numerous times, particularly from the moment the Slovak side made use of the opportunity, which is anchored in the agreement, to apply the 5-percent deviation in the exchange rate toward a permanent devaluation of the Slovak koruna with respect to the clearing ECU [European Currency Unit] and has refused to rescind this devaluation. In addition to its detractors, the clearing system did have numerous advocates. It was defended in the name of preserving Slovak markets for Czech manufacturers. A solution was and is found in real life. The share of foreign trade accomplished through the medium of convertible currencies is growing rapidly and the practical significance of the clearing system is declining over time.

Under these circumstances, the decision by the government to abrogate the payments agreement with Slovakia is a rational step toward standardizing mutual economic relationships. There is no sensible reason why a barrier created specifically for Czech exporters, that is to say, an unfavorable exchange rate, should be accepted in addition to barriers placed in the way of all foreign exporters (such as import surcharges and certification measures). There is no sensible reason why trade with Slovakia should not be accomplished only in terms of convertible currencies.

It is good that the step toward abrogating the payments agreement was accomplished without unnecessary emotions and that—at least for the present—there are no unnecessary discussions regarding the recognition of the claim by the Czech National Bank upon the National Bank of Slovakia, which came into being as a result of the division of the federation and which could help wipe out the Czech debt in the clearing account. It is good that there have thus far not been any detailed discussions of the negative influences resulting from the import surtax and the lack of will to reduce or eliminate it, it is good that debates regarding certification measures have not again been introduced by the Slovak Republic.

They would result in nothing specific anyway. Thorough competition has its place in economic textbooks and in anecdotes. In the real world, protectionism reigns. The efforts by the Slovak Government to protect the Slovak economy are understandable. It is not alone in its efforts. All of the economies in transition devaluated their currencies with the goal of protecting their own technically obsolete industries against foreign competition. The unadmitted effort to come to grips with Japanese and German competition is quite undoubtedly in the background of the decline of the rate of exchange of the American dollar. The verbally liberal governments of industrially mature countries, which frequently like to speak of the free movement of goods and capital, are resisting the free movement of manpower tooth and nail, and if there is a threat to any branch or area as a result of foreign competition, they willingly resort to even highly specific forms of protection.

To understand the effort at protectionism does not mean its acceptance. At least not if it is accomplished at our expense and if we find ourselves in an equal rights standing with respect to the protector. Which is the case involving the payments agreement with Slovakia.

KGB Reportedly Increasing In-Country Operations

AU0906142995

[FBIS Editorial Report] Prague MLADA FRONTA DNES in Czech on 5 June on pages 1 and 2 carries an 850-word report by Sabina Slonkova entitled "Russian Firms Trying To Obtain Classified Information in the Republic." According to Slonkova, "private companies from the former Soviet Union that specialize in obtaining classified strategic information and employ many former KGB agents are increasingly focusing on the Czech Republic." Slonkova writes that recently "representatives of one of the Moscow firms met with several former police and army officers, and discussed with them trade in information pertaining to the two departments." According to her, this report has been independently confirmed. These men allegedly claimed to have worked for the KGB once but to be operating a private firm now that has nothing to do with the former USSR. One of the contacted men is quoted as saying: "They were interested in confidential information on the work and operation of the Interior Ministry, the Police, and the Army, the names of prominent personnel in the two departments. They also indicated interest in criminal cases involving politics." According to Slonkova, the "domestic intelligence services never learned about this meeting," and that despite Interior Minister Jan Ruml emphasizing "the dire danger to the state from the information leaks." The representatives of the aforementioned Moscow firm are allegedly "almost explicitly interested in members of the Armed Forces who no longer work in the department." According to the report, "they were interested in people who have recently left the police or the army, belonged to the top brass, and maintain their contacts." Slonkova further reveals that the "firm promised to pay for the information in dollars." According to the author, it is not clear for whom the Russians work. Nevertheless, the report concludes with the statement: "Moreover, the secret services internal material

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indicates that the KGB is reviving its operation in the former Soviet satellites and is trying to obtain strategic information here, too."

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Sitek Calls on NATO To Define Membership

LD0906222295 Bratislava STV 1 Television Network in Slovak 1730 GMT 9 Jun 95

[FBIS Translated Text] The Slovak Republic will welcome the specification of conditions and criteria a candidate state must meet to become a full NATO member, Slovak Defense Minister Jan Sitek has said after the end of the North Atlantic Cooperation Council meeting of defense ministers held in Brussels. According to him, Slovakia is joining Romania in its demand that NATO defines more precisely the criteria for NATO membership as regards both the timetable and political and security aspects.

HZDS Criticizes U.S. Minorities Roundtable

AU0906154695 Bratislava SLOVENSKA REPUBLIKA in Slovak 3 Jun 95 p 13

[Commentary by Viliam Fabry: "Roundtable—American Style"]

[FBIS Translated Text] Following the not exactly best experience with the Bratislava Castle roundtable [on minority issues organized by President Kovac], which produced, among other things, an agreement to give communities [in southern Slovakia] Hungarian names, Deputy Pal Csaky recently announced that a roundtable on the position of the Hungarian minority in the Slovak Republic would be held in Washington. It is extremely strange that, while no one in the United States takes any interest in the Kurdish minority in Turkey, which is exposed to genocide, someone wants to assess and, no doubt, also criticize (what else?) conditions for the life of the Hungarian minority in Slovakia, which surely are the best in Europe.

Senator as Organizer

My astonishment is not all that great, however, because I know that U.S. Congressman Tom Lantos, who was in Slovakia recently, had agreed on this with representatives of our Hungarians and will also organize that "table." What I would like to know, however, is whether representatives of our government or the National Council of the Slovak Republic will also be invited to that roundtable and whether the position of Slovaks in Hungary will be discussed as well. (After all, Congressman Lantos should take at least the same interest in the situation in his native country as he does in the situation in Slovakia.)

Only a Drop in the Sea

If I could advise the organizers of the roundtable on minorities, since it will take place, I would recommend that they also discuss the situation of minorities in the United States, because I know that it is home to at least 20 million blacks, 6.5 million Mexicans, 1.5 million Puerto Ricans, half a million Native Americans (so few of them are left!), as well as thousands of Eskimos, Japanese, and members of other ethnic minorities that have virtually no rights in the United States.

Compared with those minorities, the half a million Hungarians in Slovakia, perhaps one-third of whom are Romanies, are only a drop in the sea.

And just one last question: Will the representatives of our Hungarians travel to the United States as National Council of the Slovak Republic deputies, that is, on state money, or only as representatives of their political parties?

Meciar Describes Current Political Situation

LD0906204495 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1630 GMT 9 Jun 95

[FBIS Translated Excerpt] There has been excitement in the mass media this week caused by the correspondence between the Government Office and the Office of the President following the publication of an exclusive interview with Slovak President Michal Kovac in the daily PRACA. Among other things, the president said in the interview that this year he met the prime minister in face-to-face talks that were very straight and open. The Office of the President later issued the exact dates of the talks.

Since the explanation from the Government Office was different, we asked Vladimir Meciar himself about the contents of the talks.

[Begin Meciar recording] [Passage omitted] During our meeting in January we discussed the Presidential Office budget for 1995 and the president's planned program. Many things seemed excessive to me, especially when the majority of people live in poverty. In such a situation, those holding public posts and living on people's taxes do not have the right to waste money and live in luxury.

But let us look at ourselves from a different point of view. The holy father is to come for a visit. He is undoubtedly a number one personality. At the airport he will be welcomed by a president, who does not enjoy the trust of the parliament. He will be welcomed by the chairman of a parliament whose conclusions are not trusted by the Bishops' Conference. He will be welcomed by a prime minister about whom the president says nasty things. What a nice picture. And, in the background, there will be the Christian Democrats who challenge anyone who wants to fight and who have declared an irreconcilable war on the government. What

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a situation will the holy father arrive into? Where are we going and what will this lead to? [passage omitted]

Everyone who discredits the development in our country, casts doubt on its democratic development, and even talks about the danger of political trials is irresponsible and should think about his place within the existing constitutional system. [end recording]

KDH Chairman Views Current Political Issues

AU1006141295 Bratislava NARODNA OBRODA in Slovak 3 Jun 95 pp 1, 3

[Interview with KDH Chairman Jan Carnogursky by Zita Sujova; place and date not given: "According to Jan Carnogursky, Vladimir Meciar Will Lose the Duel With the President"]

[FBIS Translated Excerpt] [Sujova] Since last November when vertiginous changes occurred in parliament in the course of a single night, we have slowly been growing accustomed to the formation of all kinds of commissions of inquiry, to the police checking signatures on petition sheets, and to other "democratic anomalies." Are you not afraid that we might also grow accustomed to the return of totalitarianism?

[Carnogursky] If you understand the word "accustomed" to mean passivity, I am not. Quite the contrary, we are witnesses to citizens displaying civic courage and commitment. This became manifest in the signature-gathering campaign for Markovic [talk show host banned by the new television management installed after the October 1994 elections] and the freedom of speech and at the mass public rallies in support of the president.... Indeed, the threat exists of the ruling power coming up with ever new acts of this kind. However, citizens will always stand up anew and resist them. [passage omitted]

[Sujova] Your recent claim that the Movement for a Democratic Slovakia [HZDS] chairman tried to solicit the support of the Christian Democratic Movement [KDH] for an agreement on the president aroused great attention. How did he "solicit" it?

[Carnogursky] In a very informal way. On the day when the president was to address parliament, Prime Minister Meciar was in the parliament building and met two KDH deputies—van Simko and Pavol Hrusovsky—in the corridor. In a conversation with them, he suggessted that the KDH propose its own man for president. Obviously, our deputies will not even venture into discussions on this issue, and the same goes for the KDH as a whole. The KDH's cooperation in toppling the present president was implied in the proposal.

[Sujova] How will the domestic political situation in Slovakia evolve, in the opinion of the KDH?

[Carnogursky] Before Vladimir Meciar obtains the 90 deputies he needs to dismiss the president, it will not be a question of a parliament-president conflict as he is presenting it now. The Meciar-president conflict no longer concerns just the president but the protection of the present state and nature of democracy in Slovakia. So far, Prime Minister Meciar has been losing points in this conflict, because he does not have 90 deputies in parliament, trails behind the president in popularity, and because, at public rallies, supporters of the president outnumber the prime minister's own supporters. It seems to me that, if Prime Minister Meciar does not succeed in eliminating President Kovac roughly by the summer, he will lose his duel with the president, which could have far-reaching repercussions on Prime Minister Meciar's standing.

[Sujova] How do you think will this duel end?

[Carnogursky] Prime Minister Meciar will lose, in my opinion.

[Sujova] Vladimir Meciar claims that his government coalition is working. Do you agree with that?

[Carnogursky] The fact is that, so far, they have been voting in unison on important matters. But the government is drafting virtually no bills. Only a minimum number of bills has been tabled in parliament, and the government is far behind in its plan of legislative tasks. It is becoming apparent that the coalition is short of experts. As a result, its activity on the political scene is confined to politically motivated replacements of persons at all levels of state administration and to political attacks on the president and the opposition. It does not manifest itself in any constructive deeds to the benefit of Slovakia. [passage omitted]

[Sujova] It is being said that two camps are emerging within the KDH and becoming more and more visible—your camp, which is being referred to as more radical, and Simko's liberal camp. How are you getting along?

[Carnogursky] Ivan Simko is KDH deputy chairman in charge of domestic policy and we get on well together. All kinds of questions are being discussed within the KDH, concerning the orientation of our movement and Slovakia as a whole. There are not just two camps in these discussions—a radical and a liberal one. Various camps arise ad hoc, but this is a sign of internal KDH democracy and the best guarantee that the final solutions that we adopt will be good. [passage omitted]

[Sujova] The HZDS has not changed the basic orientation of its foreign policy so far. However, representa-

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tives of its coalition partners—the Association of Workers of Slovakia, the Slovak National Party, and the Slovak Green Alternative—frequently present their negative positions on NATO membership, early EU integration, and "subordination to the West" in general. Are you not afraid that the HZDS might have change its view in order to keep its coalition partners?

[Carnogursky] Such a risk exists. Not so much because the HZDS would be afraid of losing its partners, but because the HZDS's internal policy is not compatible with the principles of internal policy within the framework of the EU. However, the abandonment of the policy of Slovakia's participation in European integration would bring such internal and external pressures to bear on Slovakia that, even then, the HZDS would not have it easy.

[Sujova] Could it not happen that Europe and the United States will gradually give up on us, and the border between the West and the East will end in Moravia?

[Carnogursky] Hypothetically, even this possibility cannot be ruled out.

[Sujova] What is the KDH's present position on the Basic Treaty between Slovakia and Hungary?

[Carnogursky] So far, we have not worked out within the KDH a final stance on this treaty. No one from the government coalition has approached us yet to negotiate our position on the treaty.

[Sujova] The West described the signing of the treaty in Paris by Prime Minister Meciar as a statesmanlike step. Do you share this assessment?

[Carnogursky] Vladimir Meciar signed the Slovak-Hungarian treaty with great pomp. But if he is unable to submit it to parliament because support for it cannot be guaranteed, in such a case the signing of the treaty will be counterproductive because Slovakia will be exposed before the whole world as an unreliable partner. Although it will be, first and foremost, Vladimir Meciar who will be exposed, this is a weak consolation. [passage omitted]

OSCE Commissioner Challenges Meciar's Claim

AU0906135295 Bratislava PRAVDA in Slovak 8 Jun 95 p 2

[Articl by "PA": "It Was Not Max van der Stoel's Initiative"]

[FBIS Translated Text] On Tuesday, 6 June, PRAVDA published a report on the first day of Organization for Security and Cooperation in Europe [OSCE] High Commissioner Max van der Stoel's visit to Slovakia. Yesterday we received through the Ministry of Foreign Affairs the OSCE high commissioner's request to correct one part of the report, which we published under the headline "He Inspired Also Our Government." In the denial it is stated: "OSCE High Commissioner for Ethnic Minorities Max van der Stoel deems it necessary to declare that the Slovak side did not begin considering the introduction of alternative education [project involving the introduction of bilingual classes in Hungarian-language schools] on his initiative." We comply with the request and, only for the sake of completeness, repeat the sentence that prompted the OSCE high commissioner to react to our report: "In this context Prime Minister Meciar noted that the Slovak side began considering the introduction of alternative education on the initiative of van der Stoel." A similar formulation, with identical contents, was also used by CTK.

Meciar on Privatization, Czech Payment Situation

LD0906220195 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1600 GMT 9 Jun 95

[Regular interview with Prime Minister Vladimir Meciar by Ludmila Bulakova; place and date not given—recorded]

[FBIS Translated Excerpt] [Bulakova] The government announced this week a new form of privatization, in which every citizen who registered [for the second wave of coupon privatization] will receive bonds worth 10,000 Slovak korunas. The opponents of this method consider the liquidity of the National Property Fund as the weakest point of the project. In their view it is unlikely that the fund, which is currently running a deficit, could fare any better in five year's time. This will be even more the case if direct sales continue, that is a scheme under which buyers pay only 10 percent of the agreed price of the company and the payments covering the remaining part of the price are distributed over several years.

Prime Minister, is there any guarantee that in four or five years there will be between 35 and 40 billion Slovak korunas in the fund?

[Meciar] The fund itself is a guarantee of this. The property of the fund is worth some 220 billion [currency not specified] at present. The fund is also covered by other property and receivables, as well as by the profits that will be held by the fund as its assets. [passage omitted]

[Bulakova] The new method of privatization is to be launched this year. However, the National Property Fund is insolvent at present. This may result in a situation when banks, municipalities, and similar entities will not be interested in buying bonds from citizens. Thus, will the bonds become worthless pieces of paper?

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[Meciar] No, they will not. On the contrary. For example, the privatization or purchase of apartments is progressing very slowly because many people say they do not have enough funds. Under the new scheme the municipalities will be obliged by law to accept from citizens the state contribution of 10,000 [in bonds]. The National Property Fund will then be obliged to reach an agreement with the municipality as to whether these bonds will be exchanged for property or for money. [passage indistinct] The municipalities are allowed to use these yields for housing only. Thus, the municipalities can decide on whether they will take part in the privatization of a construction company or some other types of companies that are important to them for the development of housing. [passage omitted]

[Bulakova] When will the legislation on this form of privatization be ready?

[Meciar] The whole legislation package will be discussed by the government for the first time on 13 June. [passage omitted]

[Bulakova] Prague made a final decision this week on unilaterally abrogating the Slovak-Czech payments agreement. In this context some people blame you for failing to assume a more active attitude toward the Czech side, asking why you answered their 10 May letter only after almost a month. In fact, according to Vaclav Klaus, they received your response only after having already made their final decision.

[Meciar] Our position has never been passive. A meeting between Sergej Kozlik, Slovak deputy prime minister, and Ivan Kocarnik, Czech deputy prime minister, has taken place, and the Slovak ambassador has held talks directly with Prime Minister Vaclav Klaus in Prague [passage indistinct]

As regards our stance, the letter I sent to Mr. Klaus, and about which a sufficient prior notice has been given, with its content having been consulted with our embassy on Monday, and thus accommodating both sides [words indistinct], represented an offer of an agreement on individual steps. I was specifically interested in reaching an agreement on preserving the clearing system even if the credit limit is zero, in order to solve the issue of the zero credit limit first. We fear that the Czech Republic could fail to pay us those 5 billion korunas put there by the Slovak [word indistinct], failing to return them to Slovakia. We should solve this issue first, and then go on to solving the overall development of payments in the 1995-96 period. [passage omitted, including indistinct portion]

We have already experienced the [Czech] failure to fulfill the signed agreements, in the case of our paintings and gold, having our assets illegally withdrawn from us. This is why we do not intend to add yet another problem to this parcel of unresolved problems. [passage omitted, including indistinct portion]

[Bulakova] When will the Slovak side discuss problems concerning noncommercial payments?

[Meciar] There will be a meeting between the representatives of the European Union and the governments of the associated countries. Speaking on television yesterday, Mr. Klaus said that he is interested in meeting me in Cannes. Naturally, I welcome such a meeting. I do not think you need a ministerial meeting, spoken about by the Czech side in this context, to discuss the issue of noncommercial payments. [passage omitted]

We do not consider it necessary at all for talks to be held on the ministerial level, above all as obligations agreed upon in agreements are being once again unilaterally violated. [words indistinct] This is why we are rather reserved in this context.

The Czech side must tell the public, not only ours, but also the European public, how serious they about meeting their obligations.

[Bulakova] It sounds as if your meeting with Vaclav Klaus is on the agenda; when will you meet him in Cannes?

[Meciar] I am travelling there within two weeks.

Kozlik Details Privatization

AU1106162295 Bratislava NARODNA OBRODA in Slovak 8 Jun 95 pp 1-2

[Interview with Deputy Prime Minister Sergej Kozlik by Juraj Alner in Bratislava on 6 June: "Sergej Kozlik Perceives the Privatization Debentures as a Chance Also for the Uninformed"]

[FBIS Translated Text] Bratislava—Prime Minister Vladimir Meciar explained government's new idea of coupon privatization on "Press Club" [television program] on Tuesday [6 June]. We reported this yesterday. After the broadcast, we asked Deputy Prime Minister Sergej Kozlik for some details.

[Alner] Most of the questions will have to be answered within the next few days, after the public learns some details of the new government project. Perhaps the first questions is whether the chances of the citizens are better or worse now than they were during the first wave of privatization.

[Kozlik] The fundamental principle is to equal the chances of the citizens, even the uninformed ones. The first wave offered opportunities to well-informed

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individuals—be they in the investment funds, participating, or with close contacts to such people.

[Alner] You no longer speak about shares but rather debentures of the National Property Fund.

[Kozlik] Their total value amounts to 35 billion korunas, which translates into 10,000 korunas per citizen. The debenture will probably bear interest equal to the discount rate.

[Alner] What about the coupon books?

[Kozlik] All this is connected with the citizen's registration, which took place precisely by the purchase of the book.

[Alner] According to the prime minister's statement, the citizen can use the debentures in several ways.

[Kozlik] For us it is important that the citizen is interested in disposing with the debentures in such a manner that they will have a long-term effect. They can be used, for instance, as a partial payment in the purchase of housing, or for supplementary insurance at some insurance company. One can purchase shares offered by the National Property Fund for this security, and use it in banks.

[Alner] There certainly will be many people willing to purchase the debentures from the citizens, and many citizens will be glad to sell them right away to have cash in hand.

[Kozlik] If an owner decides to sell his debenture early to another person, for instance, he must realize that there will be greater supply at first, and his return will not be as high as if he waited for his return for a while. He could make a better sale later. The basic value will be the aforementioned 10,000 korunas.

[Alner] If too many people cash their 10,000 immediately, an inflationary pressure will ensue. How will you respond?

[Kozlik] The direct sale will be limited in a way.

[Alner] Is the National Bank ready for this action? It is this institution that would have to resist the inflationary pressures.

[Kozlik] We all thought about it together. We still have several days to take care of the fine details. The entire system is spread over at least five years. I am convinced that it will take even longer. That will minimize the inflationary pressure.

[Alner] The state promised the citizens 30,000 korunas in shares in the first wave. This time, it is 10,000 korunas.

[Kozlik] We said that we prefer the standard privatization methods, and we have provided a total of 40 billion korunas for the second wave. If we speak about 10,000 korunas per citizen, it totals 35 billion korunas.

There are a few billion in reserve to cover the property.

[Alner] What about the funds for the interest?

[Kozlik] The National Property Fund will also use other property under its administration as a guarantee so every debenture and the accrued interest is guaranteed.

[Alner] As recently as the beginning of the year, you spoke of 70 billion, and suddenly now it is 35 billion korunas.

[Kozlik] We keep talking about 40 billion korunas, not 35 billion. One has to add the interest.

[Alner] Where do the 35 billion korunas come from?

[Kozlik] That is the property that has been designated within the framework of the concept approved by the government.

SDL's Schmognerova Criticizes Privatization

AU0906151795 Bratislava PRAVDA in Slovak 8 Jun 95 pp 1-2

[Interview with Brigita Schmognerova, deputy chairwoman of the SDL Council of Sections for Practical Policy, by Martin Krno; place and date not given: "It Is a Financial Operation. Nothing Else!"]

[FBIS Translated Text] On Tuesday's [6 June] "Press Club" program, Prime Minister Vladimir Meciar and Deputy Prime Minister Sergej Kozlik briefed journalists and television viewers on the new concept for coupon privatization. We asked Brigita Schmognerova, deputy chairwoman of the Party of the Democratic Left [SDL] Council of Sections for Practical Policy, for her assessment of this plan.

[Schmognerova] In my opinion, in this case, the issue no longer involves coupon or any other kind of privatization. It is a financial operation. Nothing else! It is further proof that the current government does not respect the rules of the game at all. It rationalizes its plan by using two arguments: Apparently, this way, each MIK [investment coupon owner] will get 10,000 korunas [Sk] and everyone will get the same. These two undoubtedly populistic slogans are intended to drum up support for the National Property Fund's bond issue. They are a kind of enticement for the uninformed. If it is assumed—and it is impossible otherwise—that the bonds will mature in a few years, their nominal value may be Sk10,000 in the best scenario, but their real value will be substantially lower because of inflation. If it is assumed that

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the bonds will also be disposed of by other means—for example, by using them to meet the costs of buying an apartment, to pay for supplementary insurance, or to trade on the stock market—then, in each case, their real value at that time too, depending on the specific conditions, will always be less than Sk10,000. This means that it is not true that everyone who invested Sk1,000 or, alternatively, Sk700 in coupon privatization will get a real value of Sk10,000. It is not even true that each coupon book owner will get the same, because this will also depend on who is disposing of the bonds and how.

[Krno] Why, then, did the government take this step?

[Schmognerova] Perhaps, some of the people who are not or do not want to be informed will applaud. At the same time, they do not realize that, compared with the amount of property assigned originally, the offer has been reduced by 50 percent. If we compare it with the first coupon wave, then the difference is even more noticeable. It is obvious that the issue here does not involve coupon privatization; privatization is not carried out by means of such operations. Everything that the government intends to privatize, will be privatized by other means, especially by direct sale. That is, this is a step that, first and foremost, plays into the hands of those whose interests the current coalition, especially the Movement for a Democratic Slovakia [HZDS], is promoting.

[Krno] What will be the consequences for the investments funds (IF)?

[Schmognerova] Catastrophic for those that were established for the second wave of coupon privatization. It is necessary to realize that this will involve the money invested in these funds on the basis of the regulations adopted by the previous government. Once again, this is anticonstitutional interference in private property. Undoubtedly, it will also elicit a negative international reaction.

[Krno] Is this government decision not also influenced by the fact that the HZDS is not in an especially strong position in some of the IF's?

[Schmognerova] The fact that the legislation concerning the IF's was insufficiently prepared and that, so far, supervision of the capital market has not been institutionalized—not only of the IF's, but also of other institutional investors—has meant that various activities that cannot be endorsed have been initiated in them. But, instead of rectifying this situation speedily, they are going to eliminate the funds. The funds had and have an appropriate place. There are two kinds, and the new law should also specify this unequivocally: Those that trade on the capital market and the so-called strategic funds that should try to act like owners in the enterprises in which they have a stake. These IF's are also vitally important, because—under other circumstances—there is no one to exercise control over the enterprises' managements.

[Krno] Are the funds that were established in the first privatization wave also experiencing certain problems?

[Schmognerova] I think that they are. In most cases, the IF's were founded by investment companies that already had some experience with the coupon method. But, because the decision was made that these same IF's cannot also take part in the second wave, new ones were established. However, money was spent on launching them that could only have come from the original investment companies. In this case, too, only those who are participants in the individual IF's will be affected. The government's decision will also have very serious monetary repercussions: depreciation of the Slovak koruna and substantial increase in inflation.

'National' SDSS Platform Reportedly Emerging

AU1206115295 Bratislava SME in Slovak 9 Jun 95 p 3

[CTK report: "Social Democratic Party of Slovakia Chairman Jaroslav Wolf Conceded Possible Emergence of New Platform"]

[FBIS Translated Text] Bratislava—Jaroslav Wolf, chairman of the Social Democratic Party of Slovakia (SDSS), admitted that a new initiative was taking shape within the SDSS, which has two seats in parliament. He does not assume, however, that the emergence of this initiative will lead to a split in the party. Jaroslav Wolf said that he had "heard" about the alleged initiative, which he described as an expression of the "unfulfilled ambitions of some party members" who do not have the support of district organizations. The emergence of a "national" platform within the SDSS was mentioned by I. Demovic, chief editor of the pro-Meciar weekly EXTRA S, during a political debate in the Stoka theater in Bratislava on Tuesday [6 June]. The new initiative is supposed to be headed by Boris Zala, Alexander Dubcek's predecessor as SDSS chairman. Demovic announced that the new initiative had already prepared its policy statement.

Jaroslav Wolf denies that the disagreements among Social Democrats dwell in the lingering "spirit of Czechoslovakism" in the SDSS leadership, as claimed by I. Demovic. "The spirit of Czechoslovakism is rather haunting the people who constantly try to attribute it to us. This is a self-serving effort at disparaging the leadership and giving it a pejorative label so as to create

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a platform for other, so-called more national, people," Wolf noted.

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Prime Minister Horn Assesses U.S. Visit

LD1106205495 Budapest MTV Television Network in Hungarian 1700 GMT 11 Jun 95

[Interview with Hungarian Prime Minister Gyula Horn by an unidentified correspondent in Washington on 10 June; from "The Week" program—recorded]

[FBIS Translated Text] [Correspondent] Mr. Prime Minister, how do you assess the results of your tour to date?

[Horn] It was certainly a very useful visit. I also have to add that what was really convincing for me is that politicians from the Democratic and the Republican Parties, President Clinton and Vice President Al Gore, government members and Congress leaders, as well as legislative members, all assured the Hungarian Republic about their support both from political and economic aspects.

In addition to this, we have met several hundreds of leading businessmen, bankers, and financial leaders, who have shown great interest in further investments in Hungary. What was particularly nice to experience is that there have been almost no critical voices regarding the Hungarian situation and the conditions of their activities, although they must have complaints.

[Correspondent] Regarding the polite moderation of the IMF and World Bank, is that what you had expected?

[Horn] First and foremost, we did not come to Washington or New York, or any states or cities of the United States just to meet the World Bank or the IMF. Talks with IMF and World Bank leaders were only a part of our U.S. program. I think that we have managed to achieve a breakthrough, in a sense that an IMF delegation is to travel to Hungary as early as next week in order to examine the key figures and details of the 1996 budget and, following this, concrete talks on a standby loan will start. The IMF director general himself was of the opinion that this agreement can be concluded this autumn. This will be extremely important, primarily not because of the loans we can receive from them, but because this agreement can significantly strengthen the international financial world's confidence in Hungary.

[Correspondent] Both Henry Kissinger, former national security adviser and state secretary, and Newt Gingrich, speaker of the House of Representatives, have urged Hungary's immediate admission to NATO. This is a significant statement, even if we take the fact into consideration that they can speak without risks. What do you think, whether they said this by courtesy, or as a result of the observation of the situation in East Europe?

[Horn] This statement is very important, because Gingrich, being the speaker of the House of Representatives, must represent the Republican majority in Congress, after all. This can hardly take place without their support.

The view that the expansion of NATO is an irreversible process has strengthened. What is still under debate is two things: One of them is, when this can take place, the other is, which ones among the Central and East European countries wanting to be admitted should have the opportunity to join in the first round, in the first hour.

Regarding the details—though Hungary's talks on NATO accession is not Clinton's most important problem at the moment—it is certainly important for the U.S. leadership to support the idea that NATO makes a decision on the date of the beginning of talks at the end of 1995, in December—and here we are talking not only about a U.S. decision, for this is an alliance of 16 member states. Then talks should start and, in my opinion—which can also be considered well founded from a professional point of view—it is a realistic aim, it is likely, that Hungary could join NATO in the first round, by 1997.

[Correspondent] It is widely known that some U.S. representatives and senators have sent a letter to U.S. Secretary of State Warren Christopher concerning compensation for East European Jews. You have informed us that the U.S. Administration, that is, the top political leadership, has not raised this issue and there were no talks on this matter. I assume that this was on the agenda on your talks with Jewish representatives in New York.

[Horn] Yes. Representatives of the administration have not raised this, but the chairman of the lower house Committee on International Relations raised this issue and the matter of compensation in general. On 9 June I sat down with representatives of the Jewish World Congress, at their request. There is no question of any kind of new agreement. I told them that we wish to continue the compensation of Jews in the framework of the law passed in 1991, and in the spirit of an agreement with leading representatives of the four historical Churches in Hungary reached in Budapest about 10 days ago.

They will compile a list of properties by 30 September, which they wish to be returned in kind. Then a mixed committee of government and church representatives will be established to examine the possibility of returning the properties. Then, following this, talks will start on the ways and extent of financial compensation, but it will be completed within 20 years, rather than the originally planned 10 years. A necessary amendment

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to the law will be formulated jointly by representatives of the four historical churches, the Catholic, the Evangelic, the Reformed, and the Jewish Churches, and the government. The new proposal will be submitted to the National Assembly.

[Correspondent] The Bosnian situation, the Bosnian war, was mentioned both at your talks with President Clinton, and at your talks with the UN secretary general—or perhaps with every politician. How do they assess the situation and, in connection with this, Hungary's situation?

[Horn] It was indeed raised at all the talks with politicians. They consider political means to be of primary importance. For the time being, there is no question of the United States trying solve the problem by military means—which, for that matter, will be extremely difficult. Another point I would like to add is that this is such a serious, extremely complex and complicated conflict, where various kinds of methods can and should be tested so that the international community can find the most expedient one.

What I consider to be the most important point—which, I think, is also shared by the West—is that every possible means have to be found to prevent the escalation of this conflict. This will really threaten the security of Hungary as well.

Horn Denies Promise To Return Assets to Jews

LD0906212995 Budapest Kossuth Radio Network in Hungarian 2000 GMT 9 Jun 95

[FBIS Translated Excerpt] Prime Minister Gyula Horn has denied press allegations that he has agreed with the secretary general of the Jewish World Congress on providing compensation for the Jews. The leaders of the Jewish World Congress had earlier reported from the New York meeting that according to Gyula Horn's promise, all the Jewish and Christian church assets confiscated by the Nazis and later nationalized by the communists will be returned to the rightful owners by the end of September. [passage omitted]

Keleti Comments on UN Activity in Bosnia

AU0906191795 Budapest TALLOZO in Hungarian 8 Jun 95 p 1,074

["Text" of interview with Hungarian Defense Minister Gyorgy Keleti by Gyorgy Nika on 29 May on "Nap-Kelte" MTV television program: "A Change of Era Is Coming"]

[FBIS Translated Excerpt] [Passage omitted] [Nika] How do you, as the relevant minister, assess NATO's air strikes and the response of the Bosnian Serbs from a military point of view? Very many people have died in recent days, and NATO is said to have reached a point where either a decisive strike has to be dealt against the Serbs or NATO has to withdraw from the area, in which case it would leave the local countries, including Hungary, on their own.

[Keleti] Taking hostages and tying them to certain targets is a measure that is difficult to interpret from a military point of view. This cannot, by any means, be justified militarily. In my view, it is also difficult to militarily justify the taking of hostages at all, because all sides that are facing each other in the region recognize the presence of the United Nations. The UN presence applies to peacekeeping. Therefore, using them to achieve some kind of qualitative change in operational activities cannot be interpreted militarily. These are explicitly political, rather than military actions, for which weapons are used. NATO's air attack last week was carried out in the wake of a UN decision, and we also know that this attack had minimal victims. In fact, we do not even know of any victims because the reports of the Bosnian Serb news agency and the military reports indicated four people dead, but there is no proof of this. They were not shown on television. However, we know that the countermeasures were definitely taken against the civilian population and the world was able to learn about this through the television companies' terrible clips. I believe that the group of countries participating in the peacekeeping forces, and the United Nations and NATO, have come to face a very serious point where a decision has to be made. Two versions exist—tougher action or withdrawal. I think that the former now has a greater chance because the time has come when it has to be proved, even with military power, that the United Nations and NATO are committed in the issue of solving the Bosnian crisis. [passage omitted]

Minister Denies Dismissals Politically Motivated

AU0906193195 Budapest 168 ORA in Hungarian 6 Jun 95 p 13

[Statement by Foreign Minister Laszlo Kovacs: "Party Sympathy Should Remain a Private Affair"]

[FBIS Translated Text] When, disregarding the facts, the parliamentary opposition keeps accusing us of political cleansing, the foreign minister has no other alternative but to repeat what has been repeatedly said and to risk boring the public.

One must mention again the fact that, after the change in the regime, the government led by the Hungarian Democratic Forum [MDF] replaced several dozens of ambassadors and hundreds of diplomats. Among these diplomats, there were, indeed, people who could not

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be expected to serve the foreign policy of Hungary that took to the road of parliamentary democracy and market economy. However, many people were dismissed solely because they "served" the previous regime as members of the Hungarian Socialist Workers' Party [MSZMP], they studied in Moscow, or they had Russian wives. This large-scale personnel change was also not justified because Hungarian foreign policy enjoyed a broad international appreciation since the second half of the eighties.

Some of the people who got into the foreign service at that time have become versed in diplomacy in the meantime and are now representing Hungary's interests at a high level. There are 12 mission heads and a lot of embassy employees abroad now who had no foreign service experience at the time of their appointment, but they have proven themselves. No one is interested in their party affiliation; likewise, the relatives of well-known MDF politicians, relatives who are still working in the Foreign Ministry, are not disadvantaged in any way whatsoever.

However, the fact that many people were appointed to high positions without any professional test whatsoever brought its own punishment. Masses of new diplomats were sent abroad after "training" of a few days. This is why we must dismiss so many people. The inevitable reduction in personnel because of budget restrictions forces us to choose, and only performance can be the basis of selection. If someone "works" in a foreign post in a way that this has almost no trace in the Foreign Ministry, and he does not send reports, and does not have useful contacts or initiatives important for Hungary, his recall will become inevitable, even before scheduled. It is not enough for diplomats serving in important world political and financial centers to only have contacts with the Hungarians living there or to limit their activity to organizing cultural events.

It also happened that some mission heads carried out activity incompatible with their diplomatic status; in other words, they were "doing business." These people should have already been recalled by the previous government, irrespective of their political merits.

As for the newly mentioned issue of ambassadors of the "MDF-list," I agree that one should not be interested in the ambassadors' political conviction, and I do not do that. But it is also not proper to accept a party policy role in a demonstrative way. If one did that, nevertheless, and committed himself to the "losing" side, one should accept the consequences after the elections. He cannot pretend that nothing has happened. I asked many Western diplomats whether it can happen in their country that an ambassador in office appears on a political party's election list. The answers clearly showed that, in such a case, such a person must present his resignation. Besides, I only declared that I would not extend the service of those people on the MDF list whose regular four-year stint is over. I did not recall anyone ahead of time. There are people who are still at their post.

I consistently strive to consolidate the public service spirit in the Foreign Ministry and make sure that only professional and human suitability are the standards, while party sympathy remains a private affair. I hope that the issue of political cleansing will no longer emerge after the next elections scheduled for 1998.

Opposition Demands Horn Explain Accusation

AU0906193395 Budapest MAGYAR NEMZET in Hungarian 9 Jun 95 p 5

[Unattributed report: "Four-Party Protest Against Horn Interview—'He Should Name the Parties Supporting a Fascist Movement'"]

[FBIS Translated Text] [Prime Minister] Gyula Horn gave an interview to SUEDDEUTSCHE ZEITUNG's 23 May issue. As part of the interview, the following was published. Bela Weyer [journalist conducting the interview]: "Recently in Debrecen, eastern Hungary, young people demonstrated against the Slovak-Hungarian basic treaty and for a fascist Hungary. Some of them had been arrested a few weeks earlier for setting the Debrecen synagogue on fire but they were soon released. Does this fit into the framework of a constitutional state?" Gyula Horn: "If this happens in Germany, because such things do happen there, too, then all political parties raise their voice against it. Unfortunately, this is not the case in Hungary, parties exist even within the parliament which espouse such movements."

In their statement sent to our newspaper, the opposition parties "call upon the prime minister to state whether the published text corresponds to what he said in the interview. If the newspaper published the prime minister's words erroneously, has he made the necessary steps to correct the error?

"If the newspaper correctly printed the prime minister's words, then the opposition parties call upon him to name the parties that espouse fascist movements! He should reveal the proof of his statement before the parliament! He should inform parliament and the public what measures and initiatives he has taken, as head of the government, to ban the operation of the obviously anticonstitutional parties!

"If the prime minister cannot prove his claims then the opposition parties demand that he publicly with-

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draw his unfounded statement and also inform SUED-DEUTSCHE ZEITUNG about this. He should apologize to parliament for casting serious suspicion on these parties in front of the international democratic public."

The statement was signed by parliamentary group leaders Jozsef Szajer for the Federation of Young Democrats-Hungarian Civic Party, Jozsef Torgyan for the Independent Smallholders Party, Tamas Isepy for the Christian Democratic People's Party, and Ivan Szabo for the Hungarian Democratic Forum.

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Siljadzic 'Satisfied' With Talks in Washington

AU0906144395 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 9 Jun 95

[Interview with Prime Minister Haris Silajdzic by Envera Selimovic in Washington; date not given—recorded]

[FBIS Translated Text] [Selimovic] Mr. Silajdzic, on your arrival here in Washington, you said that you were not satisfied with the message from your British colleague Hurd. What is this actually all about?

[Silajdzic] What I read in Hurd's letter amounts to more of the same, a status quo, a slightly beefed-up status quo, which is still a status quo. From his letter, I saw what the British do not want to do. We more or less already knew that. I do not see in any way what they want to do. So, nothing would essentially be changed. [words indistinct] which is in my view unacceptable. I told him that.

[Selimovic] It appears that you are more satisfied with the climate here in Washington.

[Silajdzic] Yes, we had here, in my view, three successful meetings with the leaders of the Democrats in the Congress, then with Senator Dole, and a dozen other senators. I think that my statements before the U.S. Congressional Committee [word indistinct] today will contribute to the clarification of some things and our stands. I am particularly satisfied with the voting in the House of Representatives, which fully reflects the mood regarding the lifting of the embargo. As you know, the vote was 3:1 in, if I may say so, our favor, in favor of lifting the embargo. I think that this will (?send a message) not only to the U.S. Administration, but also to the United States' European allies, who have not been thinking seriously about lifting the embargo.

[Selimovic] Mr. Silajdzic, this is obviously the first (?step) and a very favorable one. After your meeting with congressmen and senators yesterday, you will today have very important meetings with representatives of the U.S. Administration, and probably less pleasant meetings. What do you expect?

[Silajdzic] [words indistinct] we will try, of course, to get a clarification of some views, the U.S. views, which are not completely clear to me. I do not know why they insist on keeping the embargo when it is clear that the embargo is becoming an instrument of genocide in Bosnia-Herzegovina. A large majority of people in the United States reject this. I do not understand why the U.S. Administration should insist on this. Are its allies the reason for this, or the fear from the possible involvement of the U.S. troops in Bosnia, or something else? Therefore, we must (?hold) open talks, because, after three years, it is high time to discuss this completely openly, about what the United States can really do and what it cannot.

Sacirbegovic To 'Insist on Peace Process'

AU1206103195 Sarajevo OSLOBODJENJE (Bosnian) in Serbo-Croatian 8-15 Jun 95 p 8

[Article by Senka Kurtovic: "Double Pressure on Bosnia"]

[FBIS Translated Text] Muhamed Sacirbegovic, up to now the head of the permanent mission of Bosnia-Herzegovina at the United Nations, has, by the decision of the Presidency of the Republic of Bosnia-Herzegovina, been appointed the minister of foreign affairs of Bosnia-Herzegovina.

In a short telephone interview for OSLOBODJENJE, Sacirbegovic said that the priority of the foreign policy of Bosnia-Herzegovina is what the himself is going to insist on—the peace process.

"I have already been much involved in the peace process through the post I have held up to now, as negotiator with the Contact Group and UN ambassador in the Security Council. I am one of those people who today know what they are going to do tomorrow. I will go on working on the peace process with my eyes and thoughts open; that is, in my opinion, the priority of the foreign policy of our country, and my own, as ambassador in the United Nations until now, and now as minister," Sacirbegovic said.

Sacirbegovic points out that, on the official, level Bosnia-Herzegovina has firm positions in the international community. However, according to his words, that status is under constant pressure from two sides—from the side of the Chetniks, and from some elements in the international community who "always try to weaken Bosnia-Herzegovina, with the intention of accommodating Serbia."

To our question as to whether he expects the international community to take more decisive action, or rather to try to compromise with Pale Serbs once more looking for the solution, to the disadvantage of Bosnia-Herzegovina, Sacirbegovic answered:

"Well, we already have the compromise. There is the ultimatum that was given to Pale Serbs, and which was not respected. I am not very optimistic and do not think the situation will improve particularly. Yet, there are some signs in the sense of a greater preparedness of UN troops to defend themselves; there are signs that there will be some changes. The international

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community must show its responsibility in Bosnia-Herzegovina. And I simply cannot accept that the main item in the discussion should be the security of UN hostages, because that draws the attention away from more important problems," Sacirbegovic says.

[Box, p 8]

American Bosniak

The new minister of foreign affairs, Muhamed Sacirbegovic, was born on 20 June 1956 in Sarajevo, Bosnia-Herzegovina. In 1963, his family decided to leave Sarajevo, after which they lived in various countries of Europe and Africa as political refugees.

Muhamed Sacirbegovic came to the United States in 1967, and lived in [word illegible].

He became an American citizen in 1973, and has dual citizenship today.

In 1988, Muhamed Sacirbegovic attained the title of doctor of law at the law school in [word illegible] (study of comparative, international and corporation law).

He worked on the legal affairs of the New York company Booth & Baron, as an adviser for Standard & Poor's Corporation, and in 1980 he finished work on his master's thesis in business administration.

In 1983, he was a vice president and director in Standard & Poor's Corporation. He was responsible for "structural finances," the determining of the debt rate for products, including the determining of rates for real estate.

He was a senior vice president in the Security Pacific Merchant Bank, and the director of Margage—Structured Real Estate Finance Group. He was also a manager in the Princeton Commercial Corporation, specializing in real estate and structural financing. One year later, Muhamed Sacirbegovic was appointed ambassador and permanent representative of the Republic of Bosnia-Herzegovina in the United Nations, to which Bosnia-Herzegovina was admitted on 22 May 1992.

Government Accuses UN of 'Capitulating'

AU1106132895 Paris AFP in English 0419 GMT 11 Jun 95

[FBIS Transcribed Text] Sarajevo, June 11 (AFP)—The Moslem-led Bosnian Government late Saturday [10 June] accused the UN Protection Force (UNPROFOR) here of capitulating to the Serbs by chosing to focus on diplomacy rather than military pressure.

Minister for UN Relations Hasan Muratovic was reacting to a statement earlier in the day by United Nations spokesman Alexander Ivanko that the UN mission would "revert to the status quo ante in order to provide a platform for the political process and diplomatic attempts in trying to find a solution to this conflict."

The statement suggested that, as long as the Bosnian Serbs continued to hold 145 United Nations peacekeepers, UN troops would refrain from any further military moves against them.

As they had done before the hostages were seized at the start of month, it implied, UN forces would subordinate military pressure to diplomacy.

Muratovic accused UNPROFOR of handing over to Bosnian Serb leader Radovan Karadzic "tanks, armoured vehicles, munitions, food, and fuel," a reference to material recently seized by Serbs from heavy weapons collection points around Sarajevo that had been guarded by UN troops.

"It appears to have been a case of theft," Muratovic said, "but we can't be sure it wasn't part of a deal."

Alluding to a humanitarian corridor for Sarajevo that the Serbs have agreed to open to aid convoys, Muratovic predicted that it would become functional "whenever the Serbs decide, with complicated advance-notice procedures and with UNPROFOR denied the right to accompany the convoys."

"It's truly humiliating," Muratovic said, noting that the Serbs had not wanted to talk to the United Nations about reopening Sarajevo Airport, which has been closed to aid flights for more than two months.

In other developments here Saturday, Serb snipers shot and wounded three civilians near the Holiday Inn in central Sarajevo, Bosnian radio reported.

It said three people were also hurt in the eastern enclave of Gorazde when Serb gunners opened fire on the community.

Political, Military Leaders Discuss Situation

AU0906191895 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 9 Jun 95

[FBIS Translated Text] Top political and military representatives of the Bosniak and Croat peoples met today in Travnik. The meeting was attended by Kresimir Zubak and Ejup Ganic, president and vice president of the Federation respectively, Army General Rasim Delic, Major General Tihomir Blaskic, [words indistinct] deputy minister of internal affairs, and a number of generals from the Army of the Republic of Bosnia-Herzegovina and the Croatian Defense Council [HVO].

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During the meeting, they discussed the current military-political situation in the Republic and Federation of Bosnia-Herzegovina in the light of the signed (?political) agreements, the situation on the fronts in Bosnia-Herzegovina, [words indistinct] and cooperation between the (?police) forces on the ground.

They also exchanged information on the current combat actions in the areas of responsibility of the Army of Republic of Bosnia-Herzegovina and the HVO and analyzed possibilities for further improvements in cooperation in the light of signed military agreements. They concluded that relations in all spheres of the process of setting up the federation are on an upward swing. They also stressed that the strategic-political commitment of the Bosniak and Croat peoples is to strengthen mutual cooperation and trust.

The key moment is certainly the joint struggle in liberating the parts of Bosnia-Herzegovina. This has had important influence on [words indistinct] and the creation of better political conditions on the ground.

Ruling Party Proposes Constitutional Changes

AU1206101295 Sarajevo OSLOBODJENJE (Bosnian) in Serbo-Croatian 4 Jun 95 p 2

[Article by Zija Dizdarevic: "The Three-Tiered Head of State"]

[FBIS Translated Text] Within seven or eight days the responsible services with the Assembly of the Republic of Bosnia-Herzegovina received two official letters from the assembly deputies' club of the Party of Democratic Action [SDA] on the same subject, but with different contents. It is about the bill on amendments to and modifications of the Constitution of the Republic of Bosnia-Herzegovina, which concern the Presidency of Bosnia-Herzegovina. The original SDA initiative in its newest form goes far beyond what has initially been communicated and rationalized to the public. That is, in addition to the demand that the president of the Presidency be elected by the Assembly of Bosnia-Herzegovina, the initiative anticipates the function of the deputy president of the Presidency of Bosnia-Herzegovina in case the president for any reason ceases to permanently perform his function.

Which is to say, despite severe protests lodged by several opposition parties, the SDA insists on those constitutional changes. However, the implementation of that proposal would bring about considerable changes of a constitutional-legal and political nature as well!

Constitution and a TV Spot

Bluntly said, the novelties are that the president of the Presidency is no longer elected by the members of the Presidency among themselves, but rather by the Assembly, and also something that did not exist before—the function of the deputy president of the Presidency. He would also be elected by the Assembly of Bosnia-Herzegovina from the members of the Presidency. The deputy president would stand in for the president in his absence, and he would perform duties entrusted to him by the president. On top of all this, the deputy president becomes the president of the Presidency automatically, in the event the president for any reason, ceases to permanently perform that function. All this would be effective as long as the war lasts, and six months after its cessation at the longest.

The simple consideration is that, given the current membership of the Presidency, the SDA of Bosnia-Herzegovina cannot be certain that its choice in electing the new president would be the final one. In the republican Assembly the situation is quite different. It should be pointed out that, according to the current constitutional principles, it is no problem for any member of the Presidency to be replaced by some other member of the Presidency under certain conditions, because in a state of war the members are designated by the Assembly.

The SDA deputies' club did not provide any additional explanation regarding its initiative. When the proposal was first made, the SDA leadership claimed that the initiator was Alija Izetbegovic himself, while increased number of deaths due to the war was stated as the main reason. However, observers perceived other considerations as well, while five opposition parties—the Socialist Democratic Party [SDP], the Muslim Bosniak Organization [MBO], the Union of Social Democrats of Bosnia-Herzegovina [UBSD], the Croatian Peasant's Party [HSS] and the Republican Party—issued a joint statement. Three of these parties are headed by current members of the Presidency. The opposition considers the changes of the Constitution's essence to be inadmissible at the moment, and warns that this initiative leads toward the majorization of one party, endangers the fundamental principles of the survival of the integral state of Bosnia-Herzegovina, and threatens the state with dissolution. In its statement the opposition pointed to its earlier conclusions regarding the unequal treatment of all the members of the Presidency and their underestimation.

Already for months, every day before the prime-time news the Television of Bosnia-Herzegovina shows a spot, designed to encourage patriotism, belief in the final liberation, and belief in the strength and role of the Army of Bosnia-Herzegovina. However, that spot also has some political connotations. Among other things, in the part showing a gathering with soldiers

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and commanders of the Bosnia-Herzegovina Army of all the members of the Presidency, the sequence shows only Alija Izetbegovic and Ejup Ganic. The intention to make a distinct political suggestion is clear. Similar suggestions are being made regarding the initiative of SDA, the implementation of which would change the constitutional position of the Presidency and relations within the collective head of state.

Fundamental Disorder

Izetbegovic and Ganic are currently the only members of the Presidency elected in the 1990 elections who have remained in their functions during the entire period. Izetbegovic undoubtedly has the authority of the national, party and state leader. Ganic entered the Presidency as the SDA candidate, even though he was not its member, and as the candidate of the national group referred to as "others." Today Ganic is a member of the SDA, its deputy chairman, the third Bosniak in the Presidency and, in addition to all this, the vice president of the Federation of Bosnia-Herzegovina. Objectively, he is the second leading man in the state.

The SDP is frequently referred to as the SDA's coalition partner. In the Presidency there are two members of the SDP, namely Tatjana Ljuic-Mijatovic and Nijaz Durakovic. Mirko Pejanovic, erstwhile chairman of the Civil Party, is now the leader of the alternative movement of the Serbian people, the Serbian Civil Council. Stjepan Kljuic, one of those who had been chosen by the people, entered the Presidency twice. In the logic of unsound political opportunism, Miro Lasic got to replace him for a certain time. Kljuic, onetime dissident from the Croatian Democratic Community (HDZ), is now the founder and chairman of the Republican Party. With the departure of Franjo Boras, the HDZ loses its position (of its own accord) in the state leadership, whereas Ivo Komsic becomes a new member of the Presidency. At the same time, he is the chairman of the HSS of Bosnia-Herzegovina and the Croatian National Council of Bosnia-Herzegovina.

In view of such a membership, the Presidency has been welcomed with open approval by the Bosnian, as well as by the international public. Its true dedication to an integral Bosnia-Herzegovina has been underlined, as well as its multinational membership, parity, and dedication to the multiparty system.

If the changes to the Constitution were to be implemented, as the SDA demands, a fundamental change in the status and structure of the Presidency of Bosnia-Herzegovina would come about. The separate position of the president would be even more underscored, while a crucial problem would be brought about by the function of the deputy president, which would actually establish him as the president's successor. Which is to say there would be a mixture of presidential, collective, and successional forms of power. The function of the president involving three levels of authority would mean the extreme marginalization of its other members. Which, actually, among other things, calls into question the principle of collective work, and brings about the majorization of one party and one nation, as well as the degradation of the political forces relevant for the democratic future of Bosnia-Herzegovina.

Constitutional Commission Meets

LD1006145195 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 10 Jun 95

[FBIS Translated Excerpt] A session of the Bosnia-Herzegovina Assembly Constitutional Commission was held in Sarajevo today, chaired by Miro Lazovic. The session focused on a proposal submitted by a group of deputies of the Party of Democratic Action [SDA] on addenda and amendments to the Constitution of the Republic of Bosnia-Herzegovina. Jasenko Kresic reporting.

[Kresic] The SDA has proposed that, if the president of the Bosnia-Herzegovina Presidency ceases to perform that function permanently for any reason, the Bosnia-Herzegovina Assembly should elect a new president from among the members of the presidency.

In Article 2 of its draft constitutional law, the SDA proposes that the post of vice president be introduced. The vice president would be elected by the Bosnia-Herzegovina Assembly from among presidency members. Under the proposal, the vice president of the presidency should replace the president if the president is absent or indisposed, and could represent the president in the tasks devolved to him or her by the president. Under the SDA proposal, this would only be applied during a state of war, and for six months following the end of a state of war.

Most deputies who took part in the discussion believe that the Constitution could be altered only after a public debate on the most important issues. The fear was also expressed on several occasions that the election of a president by the Assembly and the introduction of the post of vice president would make possible the majorization of one nation, which would jeopardize the fundamental principles of the Constitution. This opinion was voiced by Tomislav Obrdalj, who represented the interests of the Croat Democratic Union. [passage omitted]

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Serb Speaker Criticizes Rapid Reaction Force

LD0906164795 Belgrade SRNA in Serbo-Croatian 1527 GMT 9 Jun 95

[FBIS Translated Text] Sarajevo, 9 June (SRNA)—[Bosnian] Serb Assembly speaker Momcilo Krajisnik has voiced concern that "the formation of the multinational rapid reaction force is aimed at achieving goals not known to us, but we are sure that these goals will not lead to peace."

"This force, like NATO, could easily find an excuse to confront our army together with Muslims and Croats in order to defend some sovereign Bosnia-Herzegovina," the Serb Assembly speaker said in a statement for SRNA.

According to him, there is no difference between the NATO pact and the so-called rapid reaction force.

"This is just a change in form so that the existing international rules are satisfied," Krajisnik said, and added:

"What is causing most concern is the fact that a political solution is being disregarded and that efforts are not being made to establish a dialogue between the warring parties, but decisions inevitably leading to the continuation of war are being made."

Commenting on the U.S. Congress's decision to unilaterally lift the arms embargo against the Muslims, Speaker Krajisnik said "nothing new will happen because the embargo has never been implemented in fact."

"The embargo is only there for the Serbs. Muslims and Croats have been armed since the beginning of the war by those who are now advocating an end to the arms embargo," the assembly speaker said, adding that the U.S. Congress decision shows what the White House intends to retain war and military tensions in former Bosnia-Herzegovina at any cost.

Branding the debate on the arms embargo in the U.S. Congress "theatrical," Krajisnik said that, as a result of "the U.S. war-mongering policies," the [Bosnian] Serb republic is worried about prospects for peace and a political solution to the conflict in former Bosnia-Herzegovina.

"Regardless of decisions made in America, we must defend our state and our freedom," the Serb Assembly speaker said in the statement for SRNA.

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President Tudjman Holds News Conference 9 Jun

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[Croatian President Franjo Tudjman news conference at the Presidential Palace in Zagreb; broadcast in progress—live]

[FBIS Translated Text] [Tudjman] Croatia shall implement its policy consistently. Croatia shall observe the agreement with the United Nations on the UNCRO [UN Confidence Restoration Operation] mandate and if UNCRO starts to implement its mandate—i.e., if it deploys its forces along the Croatian borders and ensures a peaceful reintegration of the occupied territories into the constitutional and legal system of Croatia—we will do everything we can to make this happen. Should the self-styled government from Knin protest against this peaceful policy, it goes without saying that Croatia will stick to its right to behave as a sovereign state and take all the necessary steps to restore the occupied territories within its constitutional and legal system.

[Unidentified correspondent] Mr. President, do you still believe that peace in this region depends on the establishment of good-neighborly relations with Serbia? Is Croatia still engaged in secret diplomatic talks with Mr. Milosevic and his team? Thank you.

[Tudjman] The first part of your question actually contains as an answer. It goes without saying that peace in this region can only be based on the normalization of relations between Croatia and Serbia. Serbia-Belgrade, Serbia, and their Yugoslavia hold the key to the solution for the occupied areas in Croatia and for the conflict and crisis in Bosnia. Serbian and Yugoslav generals are leading military troops, i.e., are responsible for the occupation of Croatian territories, and they are also waging a war in Bosnia.

So the key lies in Belgrade. Regardless of the fact that differences and conflicts of interest exist between Belgrade and the Knin and Bosnian Serbs, and between the Croatian and Bosnian Serbs with Belgrade, and especially with Milosevic, these are secondary matters. The main thing is that Belgrade, via its generals—not only by sending in military and other supplies but through its direct military support—is maintaining the occupation of Croatian areas and waging war in Bosnia.

So the key to the solution lies in Belgrade. We point to the international factors—when they have talks on easing or suspending sanctions, they must take account of this fact, they must bear this in mind. And of course, events have developed in such a way that Belgrade is realizing that its policy—the maintenance of the occupied areas in Croatia and the continuation of the war in Bosnia... [changes thought] This is now manifesting itself in the most obvious way when we now see Karadzic—yes, Karadzic—capturing and humiliating members of UNPROFOR [UN Protection Force] by tying them to stakes and fences, while we see Milosevic releasing them. So it is obvious that this is a unified policy, regardless of the extent of any political disagreements they may have.

So both we and the international community continue to be forced both to hold talks and at the same time take other steps to find a way out of this war situation—as far as Croatia is concerned, this is a semiwar situation—in order to achieve peace.

These talks between us and Belgrade are not direct talks but, as you see, almost every day representatives of the international community, the United Nations, and other international factors are in both Zagreb and Belgrade, so it is clear that in this way talks are being conducted.

As I said a long time ago—and I continue to believe this—the normalization of Croatian-Serbian relations is important for bringing the crisis to an end and for creating the preconditions for a new international order on the territory of the former Yugoslavia and generally in southeastern Europe and in the neighboring Balkan countries. This normalization of relations, however, can only be achieved on the basis of mutual recognition.

[Beratovic] Zeljko Beratovic from the weekly PANORAMA. The Serbian press writes that Milosevic would more readily give up Knin, but that for eastern Slavonia he wants the implementation of the Z-4 plan [Zagreb agreement between Croatian Government and rebel Krajina Serbs]. Is the Z-4 plan an option at all?

[Tudjman] The Z-4 plan is worth considering insofar as it is based on the premise that the problem of the ethnic Serbian community in Croatia should be resolved within the framework of the internationally recognized borders of Croatia. For Croatia, the Z-4 plan is therefore acceptable as a basis for talks both with the Croatian Serbs and with international interested parties, but not in any other context. From the legal point of view or with regard to any federal or confederal plan, acceptance of the Z-4 plan is out of the question, but as a basis, in its essence regarding the solution of the problem of the occupied territories within Croatian borders, it is an option.

[Boros] Drazan Boros of GLAS SLAVONIJE. Mr. President, the Osijek bridge is to be opened tomorrow. Can you tell us whether this means, after regaining western Slavonia, that we will soon finally restore Croatian sovereignty in Baranja and eastern Slavonia as well?

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[Tudjman] The restoration of sovereignty is quite certain. Whether that will occur soon is relative. We would indeed like that to occur as soon as possible, tomorrow, so to speak, but of course we have to be realistic and aware that in the case of eastern Slavonia and Baranja, we will meet with the special involvement of Serbia and Yugoslavia. There they have to not only give support to their domestic extremists, but they are also directly involved militarily. We will therefore do everything we can for our part to liberate eastern Slavonia and Baranja as soon as possible, but at the same time we must bear in mind the demands of all European and international factors that we should not, as these international factors fear, by our policies or actions incite a new world war, as they say, because in this crisis in the former Yugoslavia it is not simply a question of the division of Bosnia-Herzegovina between the warring parties; in the solution to the occupied territories of Croatia it is not simply a question of the normalization of Croatian-Serbian relations, but it is also a question of conflict between world powers with consequences for civilization, and therefore Croatia has so far done well enough to have achieved what it has. It has established its independence and sovereignty, gained friends and allies and the support of the international community, but at the same time it has had to take into consideration international relations, and we will continue in this way, not abandoning of course our rights or the possibility of regaining the occupied territories, using all means if all our efforts so far for a political-diplomatic solution prove to be in vain.

[Correspondent, name indistinct] Mr. President, Croatia always seeks peaceful solutions to its occupied territories, but in recent days we have seen that Croatian forces in Bosnia-Herzegovina are fighting against the Serbs and there is even evident chaos in Knin. In the light of these victories, is Croatia going to wait for the international community, which has shown itself incapable of resolving the problem of Krajina, or will it, in coordinated action with the army of Bosnia-Herzegovina, go for the liberation of Krajina and western Bosnia?

[Tudjman] On the question of Bosnia-Herzegovina, you see that you yourself raise the question of the Croatian forces, the HVO [Croatian Defense Council] in Bosnia conducting operations and Knin feeling threatened, but what is forgotten is that for a month now Serb forces have been persistently attacking the Croatian enclave, the Croatian region of Bosanska Posavina, and that ferocious fighting is going on there which can almost be compared to the fighting for Vukovar because there too the Serbs threw everything they had at it in order to take that Croatian region. At the same time they are also continuing to expel the remaining Croatian population from the Banja Luka region. The operations that the HVO is conducting in Bosnia should therefore be seen as part of the overall war developments in Bosnia-Herzegovina. As far as Croatia is concerned, I have already given the answer that we will endeavor to seek solutions by political means, as we have hitherto. We agreed to the opening of the [Zagreb-Lipovac] highway, the opening of the oil pipeline, and if things had continued like that, the railway lines would have opened, first of all via Okucani, and then the Split-Knin-Zagreb-Europe line, and so on. We would have been very happy to integrate those occupied areas in a peaceful manner into the constitutional and legal system of Croatia, but since the Knin extremists prevented this, when they even killed six of our people in Okucani and wounded [number indistinct], in other words when they opposed a peaceful solution, then they experienced [Operation] Lightning [the operation to recapture western Slavonia at the beginning of May]. So we will continue all our efforts in coordination with the efforts of the European Union and the United Nations to further the peace process, and we will see whether it is possible by the end of October to achieve under the UNCRO mandate—to continue the peaceful process of integration, or whether there will be more Lightnings. This depends—in any event Croatia will not abandon its right to establish its order throughout the whole of its territory, but we will for our part do all we can to support and even to be proponents of the policies of the European Union and the United Nations in the search for a political solution and in avoiding a widening of the conflict.

[Beratovic] Beratovic from the PANORAMA weekly. The public debate is still going on over the third assembly of the volunteers' association. What is your attitude to the demands voiced at that meeting?

[Tudjman] You must have either heard or read about my assembly address on the occasion of Statehood Day. In this address, I said everything there is to be said on the subject. No one has the right and no one will be allowed to make demands on Croatian state policy for personal or other reasons. Croatian state policy has proved its worth with the establishment of a sovereign and democratic Croatia and by uniting the vast majority of Croatian people and all citizens of Croatia. We shall pursue this policy. I hope that neither the Croatian state authorities nor the majority of the Croatian people will allow or approve of anything that could call into question this policy, the only policy that has helped us establish a sovereign and democratic Croatia.

[Unidentified ITAR-TASS correspondent] Mr. President, can you tell us how Zagreb can contribute at the

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moment to efforts to find a peaceful solution for Krajina, and what is the present mood of Knin leaders?

[Tudjman] The Knin leaders are settling their own accounts between them, but this is the characteristic of a policy without a future. For our part, we have presented our stand to UN members—Mr. Akashi and Mr. Janvier—asking them to begin implementing the UNCRO mandate. In other words, UNCRO should be deployed along the borders and the peace process should continue. They should secure the reopening of the oil pipeline and talks should start on opening communications via Knin, i.e., the railway line, etc.

If this starts, it will prove that reason has prevailed among the Knin Serbs. This would raise our hopes—if it is also coupled by Belgrade's manifest favorable disposition toward a peaceful settlement and the lifting of sanctions, etc.—and perhaps this would mean that the process of a peaceful settlement in Croatia will begin. If not, I have already answered the question.

[Unidentified correspondent] We have read recently that the EU has reduced by about 50 percent its food deliveries to Croatia. The consequence of this decision was a reduction in bread rations for refugees to about 200 to 230 grams per day. Can you tell us why the EU is reducing its humanitarian aid in food, and how would you comment on the second decision?

[Tudjman] The EU is reducing its humanitarian aid because the number of refugees is on the decrease. The liberation of western Slavonia and other areas has created conditions for the return of these people. Subsequently, it is not a sign of any negative attitude to Croatia by the EU. On the contrary, the EU has already passed decisions on the admission of Croatia into the PHARE [Economic Reconstruction Aid for Poland and Hungary] program and on talks leading to the signing of an agreement on trade and cooperation. This will be finalized by 12 June and the EU's attitude to Croatia is therefore reflected in increasingly close cooperation and better relations.

The EU, like all the other international players, realizes that Croatia's role is a positive one, that Croatia is a positive factor in the settlement of the crisis on former Yugoslav soil, and finally, that Croatia has the strength upon which international factors can rely in their endeavors to establish an international order. This question, of course, concerns social policy, and we must not politicize it in the sense that refugees would now be exposed to some special difficulties. It is quite certain that the Croatian authorities, as before, under more difficult conditions, will find ways of resolving the problem of refugees in a satisfactory way.

[Unidentified WTN correspondent] Mr. President, we see that the British forces are arriving and that the French are due to arrive. Have they informed the Croatian authorities about their intentions to go through Croatian territory?

[Tudjman] Of course. All international players know that Croatia is a sovereign state and they want to cooperate with Croatia. It is the only base on which relations between Croatia, the EU, and the United Nations are becoming increasingly close regarding cooperation in efforts to settle the crisis. However, as you already know, some solutions require mutual understanding between those who are negotiating and us, who are interested in coming to a solution with help from the international community.

[Unidentified Zagreb Radio Croatia correspondent] Mr. President, what do think are the chances of UNPROFOR withdrawing from Bosnia-Herzegovina in the near future and its role being taken over by NATO forces?

[Tudjman] Everything indicates that relations in the European Union and in the United Nations are such that the idea that NATO should take over the role of UNPROFOR in Bosnia is not being accepted, although it would probably be the most effective solution. However, the creation of the rapid reaction force goes some way toward this idea in a way. I do not think it will come to it even though there is continued talk of the peacekeeping forces withdrawing from Bosnia, but the explanation that they are remaining there for humanitarian assistance has another aspect. Humanitarian aid, and securing humanitarian aid, is of great importance for the population, but in its own way it also enables the continuation of the war. The international community will therefore eventually have to draw conclusions from such a situation and it would appear that in Bosnia-Herzegovina we have indeed exhausted all possible errors of judgement.

[Unidentified VECERNJI LIST correspondent] Mr. President, can Croatia do more to save the Croats in Banja Luka, and how do you comment on the fact the world on the whole keeps silent about it and takes no action?

[Tudjman] For its part, Croatia is doing all it can. Two, three years ago, I received Bishop Komarica [of Banja Luka] on several occasions. I have been ordering help to be dispatched to Croats in the Banja Luka area in any way possible, not just medicine and food, but also seeds, artificial fertilizers, and other things necessary for their survival. On the one hand, we have helped them to remain, if at all possible, in the region. On the other hand, in negotiations with the Serb side, with Belgrade when we had them, and in talks with all the international

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players, we have always highlighted this problem. But it is clear that the fate of the Croats in that area, where they were in a minority and therefore exposed to the policy of ethnic cleansing, was also dependent on an overall solution of the crisis in Bosnia-Herzegovina, where the international community has not found either the will or the way to effectively halt this genocidal policy [word indistinct] in Bosnia-Herzegovina. Of course, this means that we have no alternative but to continue to do all we can to reach a solution as soon as possible to the crisis in Bosnia-Herzegovina and hence the position of the Croats in that area and in (?Bosnia) as a whole.

[Unidentified Swiss Radio correspondent] Mr. President, what is your comment on the departure from Knin of Mr. Borislav Mikelic [outgoing Serb Krajina prime minister], considering that you have mentioned this gentleman a number of times as a moderate and open to dialogue?

[Tudjman] Mikelic has behaved like someone who wants a peaceful solution to the problem of the Serbian ethnic community in Croatia, someone with the support of Belgrade and of Milosevic himself, and the fact that he is now being replaced throws into question the credibility of the policy of Belgrade as well, because on the one hand Belgrade is allowing Mikelic to be replaced, and on the other hand is appointing General Mile Mrksic from its own ranks, and so it is obvious that it is the army that is maintaining the occupation and waging war, that is, which is supporting those who are in Knin today. I think it is important that a policy that does not want a peaceful solution, Martic-style extremism, or Babic-style now, has no future and that it will have to either accept the Belgrade policy, which has come out in favor of a peaceful solution, or experience the fate of the extremists in western Slavonia. But conclusions have to be drawn from that as well. In western Slavonia, there were extremists who resisted negotiations, who prevented traffic from using the highway, prevented the opening of the railways, but who were, when it came to a conflict, in a minority among the Serbian population, so that an awareness prevailed among the Serbian population that they had no means to offer resistance, and they surrendered and in part accepted the Croatian authorities' hand offering them the possibility of remaining in western Slavonia, and some of them, as you know, did so.

This is, it seems to me, an example of how events can unfold throughout the areas of Croatia still under occupation. There is some prospect for an optimistic solution, for optimistic predictions that these extremists in Knin will be forced, together with Belgrade, to accept the offers of the international community to find a peaceful solution and avoid falling into an even deeper crisis than the one in which they are now, entailing international isolation and economic catastrophe—rather, to return to normalization—in the case of Croatian Serbs, to life within Croatia, and normalization in international life in the case of the Serbs in their Yugoslavia.

[Correspondent Jozo Curcevic, affiliation indistinct] Mr. President, it is now clear that Croatia has both the will and the military and diplomatic strength to reintegrate its occupied areas. I would like to know what Croatia as a state is doing to return the refugees, since experience in the world indicates that most people do not want to return after three years of exodus? This also applies to the considerably negative demographic trends in Croatia. Thank you.

[Tudjman] Croatia is doing... [changes thought] meaning, we should find a solution as soon as possible. I have said this not just because we want to avoid further casualties. This is not just a question of the number of refugees, but the number of dead, wounded, disabled, destruction, etc. Consequently, we do want to avoid casualties. This is why we want a peaceful solution.

By the same token, we are determined to the same extent to secure this by other means, if need be. To this end, we must—the Croatian people do understand this—we must harmonize our policy with the general international circumstances. These international circumstances are such that they demand of us—including those sincere friends of Croatia who suggest, demand of us—that our acts should not trigger the spreading of the war crisis, which in this area could assume international and even worldwide and civilizationwide proportions. Hence, the policy we have so far been pursuing has led to the establishment of Croatia, to its international recognition, to the fact that the world which by and large was not in favor of an independent Croatia, that this world regards Croatia as an indispensable international factor. This is why we are going to continue, so we can enable refugees to return as soon as possible to their native places. Understandably, some of these refugees who have found home in other areas, we are of course not going to force them to return there—whatever the cost.

Croatia will nevertheless pursue its state demographic policy. You can see that yesterday we had yet another meeting of the National Security Council and we discussed this problem too. We will therefore not neglect this problem in our state policy, but pay full attention to it.

[Correspondent Ramljak of SLOBODNA DALMACIJA] There is a peace in western Slavonia. For its part, the Croatian state is trying to do its best to

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make as many Serbs as possible stay in this area and continue to live in Croatia. However, having visited western Slavonia, one gets the impression that Croatia's official policy has no real partner in western Slavonia as regards Serb representatives. The sole representative of the Serbs in the Pakrac area is Mr. Veljko Djakula, who, however, refuses to recognize Croatia and its constitutional order as valid in the part of western Slavonia where he lives and where he is allegedly trying to contribute to a peaceful solution.

On the other hand, at a panel debate last night on possible civic tolerance, it was obvious that tolerance, the highest level of it, could be found precisely among the victims of this unfortunate war that took place there. But tolerance is not in evidence to the same extent on the Serb side. One of the criticisms is: Why does the Croatian state, in its capacity as a law-governed state, tolerate those who committed crimes in this area, as they reappear in Bosnia-Herzegovina—as enemies of Croatia, of course?

[Tudjman] You are right in saying that the Croatian authorities, the democratic Croatian authorities, have no real partners for the kind of solution for the Serb ethnic community in Croatia, such as we would wish. Namely, we would wish the Serbs in Croatia to accept Croatia as their homeland, as an independent and sovereign Croatian state. We would not want them to be an instrument against this Croatian state, or else to be some kind of support for some late return of Croatia to some kind of Yugoslavia or Balkans, or God knows what kind of Balkans community or confederation.

[Tudjman] Consequently, as you said, it is a fact that as yet we have no real partners. There is nevertheless a growing number of voices, including the Serbs, there are such Serbs in the assembly as well as in all areas—regrettably, there are too few of them, those who want to accept this Croatian policy and Croatia as their homeland, or else they are not vocal enough, meaning those who do not merely recognize the democratic, constitutional, and legal order of Croatia but want to participate in the building of such a Croatia.

I do not know whether Djakula advocates your views, such as you presented them. If he were not to recognize in the least Croatia, he would be expected to join those other people and leave Croatia. In any case, as early as 1993, Djakula was a member of that group of Serbs who signed an agreement on the normalization of relations with the Croatian authorities. We are experiencing a somewhat incomprehensible phenomenon in that some Serbs, who are aware that they should seek a solution within Croatia, are making radical statements in order to ostensibly win, in this particular way, the confidence of as many people as possible among their ranks.

It is absolutely clear, by all accounts, that there is no other solution for Serbs in Croatia but to accept the constitutional and legal order, to accept what both the constitution and the separate constitutional law offers them, to understand that every country in the world, including Russia, too, upon whom they rely as their ally because of the Orthodox Church—that even this Russia, just like any other country in the world, recognizes the international borders of Croatia. They are advising the Serbs to the effect that they must seek a solution within the framework of Croatia.

I believe that the rise of this awareness in Belgrade itself, who led them into the war against Croatia—as no other policy has any future—will bring about an increasing number of Croatian Serbs who will shake hands with the democratic Croatian authorities, thus making their own contribution to helping as many Serbs as possible stay in these areas we have liberated in western Slavonia and the areas, ranging from Knin to Eastern Slavonia and Baranja, that we are definitively going to liberate, in one way or another.

[ITAR-TASS correspondent Narashkin] Mr. President, the House of Representatives of the U.S. Congress voted to lift unilaterally the arms embargo against the Bosnian Government yesterday. What is the Croatian Government stance on this sensitive issue? Thank you.

[Tudjman] Croatia's view was in harmony with the view shared by the majority of international factors that the lifting of the embargo would be justified and would facilitate a possible defense of Croatia and Bosnia-Herzegovina, but that the lifting of the embargo on its own could also lead to the expansion and not just the continuation, but the expansion of the war. It is known that the Muslim side in Bosnia-Herzegovina received help and expressions of readiness of the Islamic countries to send volunteers and not just weapons, and it is also known that Russian volunteers fought on the Serb side.

So, lifting the embargo, the withdrawal of the international forces from Bosnia, could lead to expansion of the war catastrophe, and not just to the deepening of evil in Bosnia-Herzegovina, but also to the expansion of conflicts in the region, where there are conflicts of interests between international powers and between civilizations. So I believe that everything should be done to find a political solution after all those evils have been committed over the past three years, even if it means that the most responsible international factors should consider and impose by all means a solution on sides

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opposing a peaceful political solution and which, for their part, would want to broaden the conflict.

[Correspondent Ante Babic of ZORA] Mr. President, a question before your planned visit to Australia. Since the HDZ [Croatian Democratic Union] founding and the creation of the Croatian state, you have been receiving support from the absolute majority of Croats abroad in efforts to ensure Croatia's defense and recognition. However, the impression given lately is that the flow and return of Croats from abroad is not as was envisaged at the beginning. With a view to a very serious demographic situation in Croatia today, we believe that some bureaucratic obstacles are hampering more significant numbers of Croats abroad from returning, and we see the problem of communication with the second and third generation Croats, who do not speak the Croatian language, as a very special obstacle, and there are no means of communication with these people.

I would like to hear what plans there are and what can be done to improve the situation so that a large number of Croats return, since the economic situation in these countries is deteriorating and Croatia's prospects and potential are very great? Thank you.

[Tudjman] We would not have an independent and sovereign Croatia without the unity between Croats abroad and in the homeland. With a view to the serious demographic situation in Croatia, as I said in my address to the Assembly, the consequences of the Yugo-communist and anti-Croat policies in the Yugoslav Federation are most devastating in the demographic area. According to some estimates, there are some 3.5 million Croats or people of Croat origin in the world. A review of their situation shows that 1 million out of 3.5 million Croats lives in less favorable circumstances than they would if they were to live in Croatia today.

So, my policy on the creation of Croatia, on unity between Croats here and abroad and Croatian state policies have been aiming at attracting as many emigrants as possible since the creation. Let us make it clear: although the help from the emigrants was very important to us, especially in the defense of Croatia against the Yugo-communist and Serb-Montenegrin aggression, it is more even more important to us that Croat people return as ordinary people.

Of course, we can use the experience they have gained in democratic countries, their technological and business know-how, etc., but the most important thing is that they return with their families and not just with pensioners, not just as pensioners, but also with their children; and there are such cases. Still, an increasing number of young people are returning with their families and three, five children, etc.

But I agree with you that there are still bureaucratic obstacles, that there are obstacles in the moral and psychological sense, obstacles we must break. I myself was forced to intervene in several individual cases, when people arrived and then they came up against misunderstandings, so they wanted to return.

However, things are changing. Furthermore, we have undertaken special steps, so we have set up a ministry for returnees, for immigration, headed by a prominent man, Mr. Marijan Petrovic, an emigre who has experience in the emigration, enjoys respect among the emigrants, and has both positive and negative experiences about what is happening to emigrants here. So we shall do everything in the legal and economic sense to remove those obstacles, those misunderstandings, which still exist in the remnants of the old system, and there are still too many in many areas of our domestic life, in the political and economic sense.

I believe that in the interests of Croatia, in the interests of these emigrants, who are showing an increasing inclination to return—but, of course, let us be sensible and say that Croatia is in a state of semiwar, and that this is linked with Bosnia-Herzegovina, and that this also has had a negative impact on a large number of people returning, on more interest in us.

But as you also probably know, we have emigrants in all areas of economic and state life, and we have a large number of young people, so I expect that at least 10 percent of these people will return in the near future, and a larger number in the far future, because Croatia will become a prosperous country, as international economics experts have predicted; and the demographic situation is such that unless Croatian state policy undertakes steps for demographic renewal, including the return of emigrants, we will not achieve one of the important objectives set by the creation of an independent and democratic Croatia: that Croatia survives as a country of prosperity in all aspects.

[VJESNIK correspondent Ivkovic] On the fifth anniversary of Croatian statehood you decorated a number of distinguished individuals who have contributed to the creation of the Croatia state. There was some criticism, though, referring to those who were absent rather than to those who were awarded. Some said that the man in the street was absent, that some individuals were absent. Mr President, a brief comment please.

[Tudjman] There have understandably been various interpretations, including even malicious ones. So far, apart from the Homeland War Memorial Plaques and some wartime decorations, only a small number of decorations had been awarded before that day, statehood

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day, the fifth anniversary of the establishment of the independent sovereign Croatia. About 3,500 people were decorated on that day, about 1,000 civilians and 2,500 military. By then, the hitherto highest Croatian order, Tomislav, had been received by five world statesmen: President Menem of Argentina, President Frei of Chile, and President Demirel of Turkey, and before them all, President Cossiga of Italy, and Samaranch, who received the Grand Order of Tomislav. Now the President of Croatia has received it.

There have been critical remarks—why several decorations? It is not only the President of Croatia who has received several decorations. There are some 20 people, civilians and military, in Croatia who have five to six decorations, ranging from soldiers and statesmen to scientists. Some individuals have up to six decorations. It is being said, I have read somewhere, that the decorations were given only to Croatian Democratic Community members. This is simply a piece of misinformation because the decorations were received by all but one opposition leaders. Some of them received not just one but two and three.

Consequently, this is it, as far as the critical remarks are concerned. Understandably, every country has ... [pauses] I do not know whether someone among you here, but some newspapers wrote that these decorations were a sign of a Pinochetization of Croatia. Ladies and gentlemen, please take a look at representatives of the most democratic countries, not just Shalikashvili or some others, and you will see how they sport 10, 20 or 30 decorations on their chests. Hence, it is not we who invented this, this is rather what the system of state life has been since time immemorial.

Consequently, the fifth anniversary of Croatian establishment and the existence of the independent Croatian state was an opportunity to do something more in this respect, even something we had missed throughout those four years as we had to wage war and solve other problems, so we could not indulge in this. Even on our statehood day we could not present all those decorations we were conferring as they had not been delivered, for we did not want to order them from abroad. Consequently, we wanted to pay homeland tribute to those people whose merits had contributed to the establishment of the independent Croatia, Croatian democracy, Croatian freedom.

Understandably, this is the beginning, it has not been possible to sort everything out in solving such a problem, this would be a lasting process even if there were no mishaps. A few days ago I received the national basketball team as part of a delegation of sportsmen. I presented them with decorations and I immediately realized that Mihovil Nakic, who is one of the select few who had been involved in developing Croatian basketball had not been shortlisted. It was not my fault, they had not put him forward—at that same moment I decided to award him, consequently, we will redress mistakes wherever they are evident. It is up to all representatives of state and social life to consider this problem and suggest to us accordingly.

[Tudjman] This is a very sensitive issue of political and moral significance. No one should be denied his due, but at the same time no matter how evenhanded we are, not even the dear Lord himself would be able to satisfy equally all the shades of opinion which are found in this area. But it is certainly interesting that our people have recognized the importance of this and that they are very keen that this question should be examined as part of a principled Croatian policy of the democratic Croatian government.

[SLOBODNA DALMACIJA correspondent Olga Ramljak] You spoke about demographic policy and the need for Croatia to do all it can in this area. Can you then please comment on why the Assembly did not approve the proposal to abolish tax on children's equipment?

[Tudjman] [Laughs] I really cannot comment on why this did not get through parliament. As regards the Assembly, as in all areas, particularly the larger the body, these things sometimes get through, not just the best proposals, sometimes the best proposals cannot get through, and the worst proposals can get through if they are not explained to people and if at the time when they are being considered some petty political motives prevail. [sentence as heard]

Whatever the case, as in the formation of Croatia, the building of Croatia, we could not allow ourselves to be discouraged by any opposition move, the same is true here. The process towards resolving all problems, particularly those such as this, will also be thorny and difficult. At the meeting yesterday of the VONS [expansion unknown] we heard opinions that in fact we have no possibility of taking any effective steps to resolve the demographic problem, but we let it be known that we must find possibilities, that we must find the means despite the situation which limits us, because of defense needs and everything else, and it is always possible to go for taxation of luxury goods, for the reduction of spending on bureaucracy.

I myself said that citizens report to me that certain people in government positions, and not only in government positions but in enterprises as well, spend unnecessarily, that there are insufficient savings, that official cars are used both where needed and not needed. So there are possibilities for savings and for finding the resources

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for resolving such issues as you have raised, and others too, for encouraging the solution of our demographic situation. And I believe that having solved the major issues, we will certainly succeed in resolving those which are minor in comparison with what we have already achieved.

[Swiss radio correspondent] Mr. President, another question about western Slavonia. Since the events at the beginning of May, clashes have intensified in the Orasje-Samac region. So far according to information from the HVO [Croatian Defense Council], the lines are stable but the fighting is continuing. What will Croatia, or rather the Croatian Army do if the lines change, that is if the HVO begins to lose territory?

[Tudjman] The fighting by the HVO in the Orasje region in the defense of Croatian territory will probably go down in the history of this homeland war as one of the most heroic episodes: the fact that small Croatian units held out in the face of attacks from greater numbers and technically more powerful tank and other special units. There were reports that Gen Mladic made plans with Karadzic over coffee in Orasje on the 8th. On the 3d they gave the order for a general offensive against that area, on the 5th it began and according to their plans they should have subjugated the area in a few days. As you see this has not happened and it is amazing how those people defend themselves. They sow and work their gardens in order to live and they fight. It will be, as I said, one of those episodes which will be worthy of study both from the military and moral viewpoint.

Croatia has of course an agreement with Bosnia-Herzegovina on military cooperation, particularly in the border areas, but as you know the Croatian Army is not directly involved in those operations there. It offers full support for those people, humanitarian and other support which is possible, but the Croatian Army is not directly involved there.

[Tudjman] One of the demands of our diplomatic efforts is that the international players must be shown that they should do something about this. The people in Knin can protest that they are supposedly threatened, not supposedly but really threatened by the advances of the HVO in Bosnia-Herzegovina, and certain international players immediately take an interest and ask what is going on, while in the case of the persecution of Croats in the Banja Luka area or the offensive in the region of Orasje which is going on continuously, or the incessant shelling of Sarajevo itself, that same international public takes no notice as though that is a normal occurrence, but if the people in Knin feel threatened that is not permissible.

However, the indications are that a normal solution will be reached, and therefore a solution to the problem of Knin as well, in the sense that Knin will be a constituent part of Croatia as it was in the time of [11th Century] King Zvonimir, and the war in that region of Bosanska Posavina will be concluded as part of a general solution in Bosnia-Herzegovina.

[VELEBIT and HRVATSKI VOJNIK correspondent Ivan Tolj] Mr. President, a lot has been said about the liberation of western Slavonia, there have been comments on the decorations and celebration of the fifth anniversary of the Croatian state, but we in VELEBIT and HRVATSKI VOJNIK feel that not enough has been said about the importance of the military parade. As commander in chief you made a statement that you were very pleased with the parade. Does this parade of the Croatian Armed Forces mean, both in the domestic sphere and in the foreign policy sphere, a step forward toward peace and generally?

[Tudjman] Yes it does. You know that in the attempts to destabilize the present democratic Croatian government both in internal political life and from abroad, that the focus of the criticism was directed in particular at the Defense Ministry, and specifically at Defense Minister Susak, and that all kinds of misinformation were disseminated including the fact that our defense policy did not sufficiently involve our domestic military industry, and so on. This was one of the reasons why we conceived the celebration of the fifth anniversary of the Croatian state in the way in which we carried it out, so that it was both a celebration of the people with its cultural program and so that we also showed what we have created in the area of defense. Today we have created a modern military force such as even our greatest friends could hardly believe.

We have an armed force with all necessary means at its disposal, but Croats can be particularly proud of something else as well. It was seen that we have not only the technology, the weaponry, but also that we have a confident army, an army which is in no way inferior to any other modern army in the contemporary world.

I personally have heard diplomatic observers and military experts say that technology can be bought despite everything, but people like those who took part in the military parade cannot be bought that way. Hence what is important is that the Croatian people, who were partly misinformed as to whether we are pursuing the right defense policy, should be reassured that we have achieved more than they could ever have imagined. Hence we have to raise the awareness of these people and make them feel proud. Likewise, people abroad should realize

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they need not fear whether Croatia has the capability—we have been given friendly advice that we do not have to conduct only a peaceful policy since who knows what would happen if a war were to break out.

And now we have demonstrated—not just by admirable and surprising Operation Lightning in western Slavonia, which was completed within 31 hours, but also by this military parade—that we have an armed force which is well equipped and capable of action and of performing in a satisfactory and effective way all the tasks our homeland may need in order to establish its authority throughout the Croatian territory.

This, too, is important for our domestic and foreign policies alike, and international players must realize it. As you know, the potential of a country is still measured by how much political, practical, and military power it has in order to conduct an independent policy in all fields.

[Unidentified correspondent] Mr. President, how would you as a politician comment on the decision by opposition parties to set up a coordinating body for monitoring future elections?

[Tudjman] It is up to the opposition parties to use their political wisdom in the way that suits them best, and which would get them the most votes or a majority. As a politician and a head of state I have to say I was surprised to see some opposition leaders and parties adopting narrow party views and overlooking state interests. Opposition parties must above all bear in mind Croatia's national and state interests in the given circumstances.

As for their reaching agreement on this or that issue, on the one hand it is a normal (?procedure), but on the other hand it illustrates their lack of sense, as parties which have united would normally not have had much common ground.

However, since your question was directed to me as a politician, I cannot help mentioning that I am also a head of state. For the sake of historic truth we need to make it clear to the Croatian people and the international public that our political, military, and other successes have been achieved only because our party had a majority in the Croatian state parliament, because the Croatian Government and I personally were able to rely on our party when decisions on very sensitive issues had to be made, and when there was neither time nor possibility for coalitions to decide, but when quick crucial decisions were required to ensure that the Croatian ship continued its journey on stormy seas and oceans from the very first days of struggle for Croatian independence.

It is more than encouraging to see that the Croatian nation has demonstrated maturity, that the majority ruling party enjoys the respect of the Croatian people. Since you asked me a question about the opposition parties entering into coalitions and signing joint agreements, I can tell you that I personally have received reports and individuals have contacted me, because they have come to their own conclusion that the Croatian policy has been fruitful and in the interest of Croatia's present and future.

It is not my intention to use this news conference as some sort of a party promotion, but you will have heard that some opposition members have joined the majority party. Dozens of people from all walks of life—from simple workers and farmers to university professors and writers—have contacted me, wanting to join the ranks of those who have been at the forefront of this HDZ policy and whom they consider to be the guarantee of Croatia's present and future.

I have nothing against both opposition and majority political forces organizing themselves in a way they think fit, but my one wish is that in doing so they should never lose sight of Croatia's national state interests, because while we are succeeding with the policy of an independent and sovereign Croatian state, we should not forget that in Paris at the moment, and in [word indistinct] even, and in Istria, meetings are being held which advocate some kind of reintegration of Croatia into a Balkan South Slav confederation, or even that Croatia would accept an Adriatic confederation.

Precisely because the region of the former Yugoslavia is in the geopolitical sense a transitional region, where the interests of different world powers and civilizations conflict, precisely because of this the future of the Croatian State must be ensured on the bases of established sovereignty and democracy. However, we should not lose sight of the fact that such a position of Croatia does not depend only and entirely on our policy, but that any destabilization or questioning of the policy with which we have achieved these successes could complicate both the position of Croatia and the international order in this part of southeast Europe and the neighboring Balkans. This is because Croatia is not a Balkan country; Croatia is a Mediterranean and Middle European country and a peripheral country of the Balkans, where, as I have already mentioned many times, the world does not know what to do with itself today and is still seeking a solution.

Although the relevant players have recognized Croatia as an independent sovereign state, and take it into consideration and have accepted our viewpoint—that a new international order can only be arrived at on the

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basis of the mutual recognition of the states which have emerged on the territory of the former Yugoslavia—there are nevertheless those who would for many reasons like some other solutions. Croats, in particular Croatian politicians, regardless of which parties they belong to, should not lose sight of this fact if they want to serve their nation and state, and not some foreign speculations.

Tudjman Warns of Attacks Against Breakaway Serbs

AU0906124595 Paris AFP in English 1203 GMT 9 Jun 95

[FBIS Transcribed Text] Zagreb, June 9 (AFP)—President Franjo Tudjman Friday warned of fresh attacks against separatist Serbs in Croatia's Krajina region if the UN peacekeeping mission in Croatia failed.

Speaking at a press conference, he said if the UN Confidence Restoration Operation (UNCRO) did not fulfill its mission by the end of its mandate next October, there would be "fresh strikes" against the breakaway region.

Last month, Croatian troops in a surprise offensive seized the hitherto Serb-held enclave of western Slavonia in eastern Croatia.

The loss of western Slavonia means the breakaway Serbs in Krajina now control about 22 percent of Croatian territory.

While stating his commitment to peace, Tudjman nevertheless stressed "Croatia will not give up its legitimate right to exert authority throughout its territory."

"UNCRO must carry out its duties," he said. "It must be deployed on Croatia's international borders and ensure the peaceful reintegration of occupied territory."

"Peace is impossible as long as the countries of the former Yugoslavia don't recognise each other," he added.

Serbia and its president, Slobodan Milosevic, "held the key" to settling the crisis, he stated.

UNCRO troops are principally deployed along a buffer zone marking the limits of Krajina, and Zagreb has said the force should mainly be aimed at preventing Serb infiltration across the border with Bosnia-Herzegovina, in territory mainly controlled by Bosnian Serbs.

Tudjman Says Western Slavonia Problem Resolved

LD1006124595

[FBIS Editorial Report] Zagreb Radio Croatia Network in Serbo-Croatian at 1100 GMT on 10 June broadcasts a three-minute report on the visit by Croatian President Franjo Tudjman to the Western Slavonian town of Okucani today.

President Tudjman makes a statement at the beginning of his visit to Okucani, saying:

"In any event, it is good to have been able to come here with my colleagues from the Croatian state leadership, and again bring with me virtually the whole diplomatic corps. When they saw what Okucani meant for the map of Croatia, they realized the obstacle it represented in terms of diplomatic, traffic, and economic communications. Now that they have seen the maps of the train routes things have become much clearer to them."

An unidentified correspondent then describes Tudjman's tour of the town. After touring the Center of Okucani, Tudjman said:

"This was one of the main towns of Krajina. Look at the church and around the church. I think that even in the most remote Croatian village you would have difficulty finding a Catholic church in such a state. And this was called Mala Vlaska—from here to Pakrac—and was supposed to be the mainstay of the Serbianization of Croatia [as heard].

"Bear in mind the historical importance of the fact that we have once and for all resolved this problem. Those Serbs who remain will presumably understand that they should finally accept Croatia as a state in which they can live, provided they respect its laws. They will never again be able to count on their ruling Croatia as they have ruled from here or from Knin. These people were the backbone of Serbian imperialism aimed at creating a Greater Serbia.

"In view of the fact that many Croats have been driven out of Serbia itself, from Srijem and now from the Banja Luka area, there is no option for them but to find their new homes here, and they will be the ones who will speed up the reconstruction and development of this area."

The correspondent says that among those accompanying Tudjman were Croatian Foreign Minister Mate Granic; Ivica Mudrinic, minister of maritime affairs, roads, and communications; and Defense Minister Gojko Susak.

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President Speaks at Bridge Inauguration

LD1006202295 Zagreb Radio Croatia Network in Serbo-Croatian 1700 GMT 10 Jun 95

[Speech by Croatian President Franjo Tudjman at the inauguration of a bridge across the Drava River at Osijek on 10 June—recorded]

[FBIS Translated Text] Croatian men and women; dear citizens of Baranja, Osijek, and Slavonia; citizens of Croatia; Croatian soldiers and policemen; dear Croatian youth, esteemed guests, I would like to congratulate you on the opening of the Drava bridge. As the prefect [of Osijek and Baranja county] said, this is not only a sign of unity between free Croatia and those parts of Baranja that remain occupied, but also a sign of our determination to liberate those parts of Croatia that remain occupied as soon as possible in order to make them part of Croatia's constitutional and legal system. [applause]

This bridge over the Drava does not only link Osijek and eastern Slavonia with Baranja. This bridge is part of the long road from the Croatian Adriatic, from Ploce and Metkovic, via Mostar and Sarajevo, via Croatia and Baranja to Hungary and Europe. Croatia has been, and still is, a part of Europe, and it wants to be a bridge between the European nations. [applause] In order to achieve that fully, we want to, and must, liberate Croatia's occupied areas. [applause and cheering]

Dear suffering people and refugees from Baranja and the rest of occupied eastern Slavonia, I as the head of state, and the whole of Croatia, have promised you and pledged to take you back to your homes. [applause]

We want this to happen as soon as possible and peacefully. We do not want any more victims among the Croatian people, and not even among those who caused us evil and destruction, those who evicted you from your homes. We would like them to understand that the time has come to accept the extended hand of reconciliation and let you return peacefully to your villages and homes, to your Baranja and your Vukovar and all other places in eastern Slavonia. [applause]

The whole world should by now know that this demand of ours is justified. After all, all the countries of the world have recognized democratic Croatia within its borders and all the countries of the world respect Croatia's right to extend its rule throughout Croatian territory and to liberate every inch of holy Croatian land. [applause]

We have so far cooperated with the international community, the European Union, and the UN, wishing to realize our rights peacefully. We are still doing this, and we want the new peace forces' mandate, UNCRO [UN Confidence Restorations Operations], to fulfill its task, to be deployed on Croatian borders and make possible the peaceful integration of the occupied territories within Croatia's constitutional and legal system. [applause]

The world could have realized by now, here at the meeting today representatives of the world's countries in Zagreb can see—judging by you gathered here in throngs and by the path we have been following so far—the determination of the Croatian people. [sentence as heard] [applause] The Croatian people are determined to pursue a peaceful process, a peaceful solution to the occupied territories, yet at the same time, if the Serb aggressors and Serb extremists mount resistance, we cannot tolerate the occupation of the Croatian territory forever. Nowadays we have the strength to end it in any way we choose. [applause and cheering]

I would like to believe that the world will understand even more the justifiability of our demands, and that both the European Union and the United Nations will help us to achieve our justified goals peacefully, to return our refugees—there are around 30,000 refugees from the Croatian Baranja; the same goes for Vukovar and other parts of Croatia. Even though the state border and the natural border of Croatia is on the Danube, we would like to remind the Serbs and the world community that there are also Croats living on the other side of the Danube [applause]. We have the right to raise the issue of their human rights, of the fact that they too need to lead a dignified life and have all national and ethnic rights.

Serbs ought to realize that their resistance is without prospect. If they continue their resistance, they will not only experience the fate of the western Slavonia Flash [Croatian Army operation in the beginning of May 1995]... [long pause as crowd applauds, chants "Franjo, Franjo"] ...but that they will more than anything be exposed to disdain and the indignation of the entire cultured and democratic world—all of civilized mankind.

I would like to believe that within the Croatian Serbs' ranks and within the ranks of Serbia and Belgrade—which is the key to the resolution of the occupied areas of Croatia and the war in Bosnia—that they will understand it is high time they took notice of the advice given to them by the entire world and of Croatia's readiness for the normalization of relations. We are in favor of normalizing our relations both with the Serbs in Croatia in order not to suffer any further casualties; we are also in favor of the normalization of relations with Serbia and Montenegro and their Yugoslavia in order for conditions to be created for the establishment

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of the new international order on the territory of former Yugoslavia between newly established countries and for conditions to be created for peace, not for fighting [light applause].

Every Croatian man, the entire Croatian people, all citizens of Croatia who consider Croatia their homeland do not wish anything else but to be able to devote themselves to farming their fields in peace, freedom and democracy, to enjoy fruits of their labor, beauty of their country—from the plains in Slavonia and Baranja to Dalmatian islands, to the coast which is the fairest in the world. But there is nothing more beautiful than our Slavonia [applause]. We want nothing but to live in peace with our neighbors, and to be able to devote our time to normal economic and cultural development.

On the occasion of the celebration of the fifth anniversary of the establishment of the independent, sovereign, and democratic state of Croatia, we have shown the world that we have created an armed force which is ready to defend and achieve Croatian rights today [applause].

Dear brothers and sisters, I can tell you with pride, just as you were able to see with pride either at Jarun in Zagreb or on TV what we have achieved; we are proud of what we have heard from impartial people from abroad—yes, you were able to procure, buy, produce, or create weapons, but what we have astounded the world with and what the world has admitted is that there are no people like the Croatian people anywhere else—this is what we are proud of [sentence as heard] [applause; chants of "Franjo, Franjo"].

Apart from our beautiful and rich country, you, the Croatian people, are the greatest treasure of Croatia. This is a guarantee that all of Croatia will be free, that Croatia will be a happy country of prosperity, welfare, and happiness for all its citizens. Croatia will be such because we all want her to be such. Long live our only and eternal Croatia. Cheers. [applause]

Granic Interviewed on Bosnia, UN Forces

LD1106141695 Zagreb HTV Television in Serbo-Croatian 2240 GMT 10 Jun 95

[Studio interview with Mate Granic, Croatian deputy prime minister and minister of foreign affairs, by Dubravko Merlic; from the "Picture vs. Picture" program—live]

[FBIS Translated Excerpt] [Merlic] Good evening, our guest this evening is Dr. Mate Granic, Croatian deputy prime minister and minister of foreign affairs. Good evening Mr. Granic. Welcome yet again to "Picture vs. Picture" [Slikom na Sliku], where you are a frequent and dear guest. The occasion for this interview is not a big one but we thought it was nevertheless significant. It is the opening on 9 June of the diplomatic school of the Ministry of Foreign Affairs of the Republic of Croatia. Teaching began yesterday and you gave the first lecture. Can you tell us about the significance of the school.

[Granic] All serious diplomatic services have a diplomatic school. We undertook serious preparations, we studied various models, especially the Viennese, Danish, Belgian, and Maltese models, and eventually decided to set up a diplomatic school. The first course began yesterday and in autumn we plan to start a one-year diploma course. [passage omitted]

[Merlic] Of course, we wish our diplomatic service, the diplomatic school, and the Ministry of Foreign Affairs success in their work. Let me use this opportunity to ask you about some topical, interesting issues that over the last few days have been dominating the scene. Let us first see a clip from Belgrade Television. [passage omitted]

Well, this was a Belgrade Television report from New York. Reference was made to Croatia and its alleged attacks on the Kenyan UNPROFOR [UN Protection Force] battalion in the village of Civljani. What is the truth and what have you been told through official channels about what Belgrade Television reported?

[Granic] We have already received a report on it, in fact, yesterday. We were, however, able to provide well-founded facts to show that it was the Croatian Serbs who had fired at the Kenyan battalion. They wanted to provoke an incident and to force the UN Security Council to exert pressure on Croatia. As you can see, there was no pressure on Croatia today precisely because we provided both Mr. Akashi and NATO with the details about the locations from where they fired. They had four tanks and fired from the foothills of Mt. Dinara.

[Merlic] How do you see Croatia's international position at this juncture, in view of the current situation in the occupied areas? I refer here to Knin, Glina, and sector east. Is there any difference in the way the international community treats the former sector east, on the one hand, and Glina and Knin on the other?

[Granic] Well, the attitude of the international community is to prevent conflicts from happening again. This is their fundamental aim. They want to enforce the UNCRO [UN Confidence Restoration Operation] mandate but this would be very difficult at the present moment. Serbs, the Croatian Serbs from the occupied areas, have rejected both any kind of serious negotiations and the

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UNCRO mandate. They have been negotiating unification with Karadzic. This means that there are no serious prospects for negotiations for the time being. On the other hand, the Republic of Croatia remains fully committed to negotiations, to the UNCRO mandate, especially to border control, the reopening of the oil pipeline, and opening the Zagreb-Split railway line. However, for the time being, Knin is refusing all this and, besides, it is difficult to find a negotiator on their side in view of a rift in Knin, i.e the rift between the former sector east and Knin. The situation is very confused as to which faction will prevail.

[Merlic] When you speak about the people from the former sector east, i.e. Hadzic's faction, which faction do you have in mind? Are they pro-Belgrade, pro-Martic, or pro-Pale?

[Granic] A pro-Belgrade faction. They see their future, the future of Baranja and eastern Slavonia in linking with Belgrade. It must be clear that all this is unacceptable to us. We cannot accept that faction, Martic is unacceptable to us. We will not talk to Martic at all. As far as we are concerned, he is a war criminal.

[Merlic] Is that definite?

[Granic] Yes, it is definite. We made this quite clear to both the United Nations and the main allies.

[Merlic] Let us see what is going on in the political leadership of the so-called Krajina. Here is a report from Knin. [passage omitted]

That was a report from Knin. We have recently heard President Tudjman say that there is always a limit to patience and that a certain deadline will be set, after which we will go for a military solution to the problems with the occupied areas. According to your insights, which are no doubt reliable and plentiful, what is that deadline?

[Granic] The president said clearly during the V-E Day ceremony in London that at the moment Croatia was not planning to undertake a military action and would do everything to help the international community to implement the UNCRO mandate.

[Merlic] But the international community is not dealing with Croatia anymore, not in these recent days.

[Granic] That is right. It is not dealing with Croatia much. It is dealing, and unsuccessfully at that, with the problem of Bosnia-Herzegovina. As for Croatia, there are some attempts to implement the UNCRO mandate, but these attempts have so far been completely unsuccessful. Therefore, the Republic of Croatia is following all events: the development of the situation in Bosnia-Herzegovina, on the one hand, and the development of the situation in the occupied areas of the Republic of Croatia on the other, especially the possible unification of Bosnian and Croatian Serbs, to which the international community immediately reacted by saying that it is invalid.

I would like to say that we sent letters to members of the Contact Group, and all the ministers and Secretary of State Warren Christopher have already responded to my letters. I would like to stress that the responses were very positive. We are constantly in contact with France, with Minister de Charette, with van der Broek, and Minister Kinkel. We are constantly updating them on the events here. We have said that any kind of unification is not only invalid, but will take us further away from any peaceful solution.

On the other hand, there is Belgrade, which holds the key to the solution because it is Belgrade that holds our areas under occupation. Why Belgrade? Perhaps it does not have absolute influence over Martic, but he certainly does influence the military structure, which he pays and sends from Belgrade, as he has done with the new commander Mrsic. We have passed to the Security Council all the documents—the payroll that Belgrade uses to pay all the officers and one third, if not more of the soldiers. Hence, Belgrade is responsible for the situation in the occupied areas.

It depends on all this how soon we decide that the international community will no longer help us. We will now try hard to find a solution in cooperation with the international community. In any event, solutions must be found before the end of the year.

[Merlic] Let us move on to Bosnia-Herzegovina now. The fact is that the UN's bureaucratic structures have managed to dilute every attempt to be more effective and better in military terms in Bosnia-Herzegovina. The rapid reaction force has now become something that Butrus-Ghali called additional forces, so that the number of UNPROFOR members in Bosnia-Herzegovina could perhaps even double. In other words, the status quo is being extended and at the same time Milosevic is being forced, or rather, offered and begged, to recognize Bosnia-Herzegovina.

[Granic] I would like to comment on everything that has happened in the Security Council in very critical terms, including this rapid reaction force, which has eventually been reduced to a force that can only help UNPROFOR in Bosnia-Herzegovina, but not civilians. It cannot help implement the mandate. The Russians have even demanded that the areas of Sarajevo, Gorazde, and Bihac be demilitarized, which would be very unfavorable for Bosnia-Herzegovina. I think that the current forces cannot bring a final solution.

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The international community is trying to isolate Karadzic and is trying to get Milosevic to do that, through border controls and the recognition of Bosnia-Herzegovina. Milosevic has quoted a high price for that, and this is why no agreement has been reached.

[Merlic] That price does not suit us, not even what was actually offered to him.

[Granic] That price does not suit us, and we stated that very clearly in the letters to the Contact Group ministers and the secretary general. We issued a very serious warning that the exclusion of Croatia from the process of recognition would force Croatia to resort to finding independent solutions. They understood this very well.

Therefore, we want the solution to be reached in cooperation with the international community because Belgrade's recognition of Bosnia-Herzegovina and Croatia is clearly the best and only proof that Belgrade has given up on the idea of a greater Serbia. Without that, the Croatian Serbs in the occupied areas will not be encouraged to negotiate a peaceful solution.

[Merlic] Mr. Granic, thank you.

[Granic] You are welcome.

Appointment of 'RSK Prime Minister' Seen

Milan Kresojevic Considered

AU0906201595 Zagreb VECERNJI LIST in Serbo-Croatian 9 Jun 95 p 4

[Article by T. Vicic: "Criminal Heading 'Krajina Government'"]

[FBIS Translated Excerpt] Karlovac—A former Karlovac surgeon, Dr. Milan Kresojevic, a man who will go down in the history of Karlovac as the founder of the extremists SDS [the Serbian Democratic Party] in his home town and in Kordun, has most probably become "the prime minister" of the so-called Serbian Republic of Krajina [RSK]. We have learned from reliable sources that the "Government of Krajina" decided this at the session held on Wednesday evening [7 June], however, for the time being there has been no mention of this appointment in the Serbian media.

Who is Dr. Kresojevic? He was born on 17 October 1948 in Karlovac. After completing the Medical Faculty and medical practice in Kordun he arrived in Karlovac hospital where he soon started specialization. Upon completing his specialization he was employed in the Karlovac hospital. He was married in Karlovac and has two children. On the eve of the first multiparty democratic elections he worked on drafting a SDS statute, however, he did not manage to form the party in time and, thus, the party did not run in the elections. [passage omitted]

Apart from the "medical sphere," Kresojevic also worked on "the political issues." In 1991, together with Milos Zivkovic and another five like-minded people—among them Djordje Simunlija, Slobodan Buncic (former member of the Central Committee of the League of Communists of Croatia, president of the district committee of the League of Communists of Croatia in Karlovac, and also a director of the Karlovac Medical Center), Mile Blazevic, and Gligorije Suzice—he formed "the war presidency of the SO [expansion unknown] Krnjak" with the intention of forming the occupying civilian authorities and separate the entire region of SO Karlovac from the Republic of Croatia in order to create "Serbian Autonomous Region of Krajina" which he wanted to adjoin to the "Greater Serbia."

Because of the criminal act of endangering the territorial integrity of the Republic of Croatia, the military court in Karlovac sentenced him and his followers to 15 years in prison each, and on the day that the verdict became final a warrant was issued in his name. The explanation of the verdict of the Karlovac military court states that Kresojevic helped the Serbo-Chetnik formations and the so-called Yugoslav People's Army to occupy the villages of Knez, Gorica, Skakavac, Liplje, Ribari, Banska Selnica, Slunjska Selnica, Kablare, and Banski Kovacevac, which were populated exclusively by the Croatian people. After the occupation these people were displaced and expelled, their possessions looted, and their houses destroyed or set on fire. Therefore, Kresojevic and his "brethren" tried to occupy by force a part of the territory of the Republic of Krajina and adjoin a part of this territory to another country.

Martic Calls For Consultations

LD1006125795 Belgrade SRNA in Serbo-Croatian 1004 GMT 10 Jun 95

[FBIS Translated Excerpt] Knin, 10 Jun (SRNA)—Milan Martic, president of the Republic of Serb Krajina [RSK], today called on the chairmen of all parliamentary parties and leaders of deputy groups to attend consultations on 12 June on the appointment of a new prime minister, SRNA correspondent Olesja Marjanovic reports.

The information service of the Krajina president issued a statement in this connection, which stresses that "the present situation of the state does not permit further delay in constituting a new government."

President Martic has been holding meetings in the past few days in order to arrive at a unified position on

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a candidate for the new prime minister, the statement goes on to say, adding that the government "must be a genuine expression of the unity of the RSK and motivated by the need to preserve vital national interests." [passage omitted]

Martic Adviser Appeals to Serbs Worldwide

AU1206104795 Knin Srpski Radio Krajina Network in Serbo-Croatian 1900 GMT 9 June 95

[FBIS Translated Text] Slobodan Jarcevic, foreign policy adviser to the RSK president, today appealed to the Serbs and Serb unions throughout the world for help regarding the unjust policy of major forces against the interests of the Serb nation. Jarcevic requested that they mediate with prominent public persons, political parties, parliaments, and other institutions, speak against the senseless persecution and war against the Serbs, and organize demonstrations, if possible.

Due to help and favoritism of the international community, the United States and Germany in particular, Croatia committed genocide and ethnic cleansing against the Serbs in western Slavonia, and it is now doing it again, attacking the wider areas of Knin and Grahovo, forcing the Serbs into exile. While the Croatian artillery targets even UN forces, the Kenyan Battalion, the U.S. Congress blames the Serbs for the war and makes a decision to arm the Muslims, says the appeal by Slobodan Jarcevic to Serb expatriates.

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Skopje Bans Muslim Fundamentalist Groups

95BA0234F Belgrade POLITIKA in Serbo-Croatian 14 Apr 95 p 7

[Article by M. Krstic: "Money for Fundamentalists"]

[FBIS Translated Text] *El Harameni, Islamski Vakuf, and Igase expelled; money for Muslim leaders in the nearby area as well; a chain of commercial firms for money-laundering.*

Skopje, 13 Apr—After the recent ban on the activity of the foreign humanitarian organizations El Harameni and Islamski Vakuf, a few days ago the Ministry of Internal Affairs of Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] adopted a decision on banning one more, under the name of Igase, for "spreading fundamentalist Muslim ideas and religious and ethnic intolerance."

According to the decision by Skopje's Ministry of Internal Affairs, hospitality has been denied to four Igase activists, Jordanian citizens, as well as their director, Mohamed Iktal. It has been learned that Mohamed Iktal belonged to the internationally known terrorist organization, the "Muslim Brethren."

The Macedonian police also determined that the Igase organization had been active illegally in Macedonia for two years under the auspices of another organization, named Rabita, and the World Islamic League in Jeddah, in Saudi Arabia. Instead of humanitarian activity, the organization, headquartered in Skopje, engaged primarily in financing Muslim organizations, even legal political parties in Macedonia and neighboring areas that constitute the "sphere of interest" for increasingly more aggressive Islamic fundamentalism.

For the time being the Macedonian police are refusing to clarify which parties and organizations with a fundamentalist slant were financed by Igase. On the other hand, it was mentioned that last year alone more than a million German marks were brought into Macedonia through secret channels by the now-banned organization to finance various illicit activities.

In addition to the Belgrade mufti, a large number of political leaders active in Sandzak and Kosovo were also on Igase's payroll. There were also several prominent figures from Macedonia's political milieu. It was also determined that during this entire period, the Igase organization founded a "chain" of commercial firms for money-laundering.

Article Describes Interethnic Tension in Debar

AU0906134495 Skopje VECER in Macedonian 8 Jun 95 pp 4-5

[Article by P.Dimitrovski: "We Live One Next to the Other"]

[FBIS Translated Text] Debar has long been known as a town in which the Macedonian [The Former Yugoslav Republic of Macedonia—FYROM] state does not exist. It is the only town in which the laws of the state are not respected, where the Albanian flag is more often raised than the Macedonian, where civil disobedience is frequently manifested, where they refuse to join the army, and where taxes are not paid. This truth was openly confirmed by Stojan Andov, chairman of the Assembly of the Republic of Macedonia, during his recent visit to Debar. In an interview for local radio, Chairman Andov, for the first time, publicly blamed the Debar leadership for the present situation in the commune and openly warned that "this is the Republic of Macedonia, and not Albania" and that the Constitution and laws of this state must be respected.

Behavior

At the first multiparty local elections, the Party for Democratic Prosperity [PDP] secured the majority of 25 seats in the Communal Assembly, the Liberals got 6, and the SDSM [Social Democratic Alliance of Macedonia] 4. However, because of the failure to respect the interparty agreement on the division of posts, the Debar Assembly remained without representatives of the "opposition" just after the constitutuent session, and in effect, it operated as as a one-party and one-nation assembly. Since that moment, much has taken place that has contributed to the situation as it is now in Debar, starting with taking over leading posts in the most powerful enterprises in the commune, to the boycott of the census and the famous "march of victory" after last year's parliamentary elections, which have caused the fragile interethnic relations to deteriorate profoundly.

Many believe that the main reason for this situation is the extreme and radical behavior of the powerful Albanian figures. There is the knowledge that their work is out of the control of even the Tetovo PDP center. Confirmation of this is the unselective cooperation with all parties in Albania, even with the totally extreme [Balli Kombetar, National Front] party, with the aim of exposing the Albanian spirit to the maximum. They are not selective in the means they use for this aim, nor in the ways or methods, and as a result interethnic relations are at the lowest possible level. The Macedonians and

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the other non-Albanian population are in constant fear, with a feeling of insecurity and apathy.

"We live in Debar one next to the other. The common spirit is very disturbed," Ismet Mersovski, president of the communal organization of the Socialist Party says. "It is difficult not only to be a Macedonian, but it is generally difficult for every non-Albanian. As a matter of fact, this was also confirmed at the last elections. We barely managed to save our vehicles from serious damage. We were not able to leave the Medical Center at two o'clock in the morning. We were really scared by the 'march of victory' in the streets. It was not a celebration, it was savage behavior."

It is true that you will hardly find anyone in the town who wants to speak openly about the situation, regardless of national affiliation: Macedonian or Albanian, or Macedonian of Islamic confession. Fear of the consequences is obviously present. Normally, the Macedonians do not know what the reaction of the other side would be. The Albanians, on the other hand, are afraid of the Albanians themselves. Particularly of the young aggressors in the leading teams in the surrounding border villages, who can gather and use them for any purpose in no time. Tensions are permanently present. They say a small spark is sufficient. Even the recent football match could have ended with unpredictable consequences.

"Let me tell you that all the Albanians as a nationality should not be blamed for the situation in Debar, or for being the destabilizing factor in this region," Mitre Georgievski, president of the communal SDSM branch says. "It is our firm and categorical view that it is the strong PDP nucleus that is constantly producing this political situation. There is a great part of Albanians, including intellectuals, of whom we are sure they have different views. They approach us, they are open for discussions. And here there is the impression that all the Albanians support their [PDP] policy. It looks as if the Debar leadership does not live in this state, as if coexistence, or whatever we call it, does not matter. Every sober and clever person can conclude where this and such policy leads. We have enough fresh examples of this," Georgievski says.

Data

Debar has long been considered a "lost" town, perhaps because it is close to the Albanian border, or perhaps, as many say, because a part of the political leaders at the time of single-party life in the town does not have an interest, and therefore the state has given it up. The Albanian propaganda machine has used all this with great skill and "proclaimed" it an Albanian town, and up to 95 percent of the population was allegedly proclaimed to be Albanian. However, the people in Debar invite us to visit it on market day, on Saturday. You need not talk, just look at the national dress. This is probably where we should look for the reason that the Albanians boycotted the last census. They say the reason was to hide the truth. Considering the partial boycott, the census data were taken as the sum of the population actually encompassed by the census and an average evaluation of the population not encompassed was made. They say that 26,449 people live in Debar Commune, out of which 5,449 are Macedonians, 12,138 Albanians, 6,865 Turks, and so on.

Talking about Debar we must not neglect the fact that in the election campaign only the term "Ilirida" was heard. Considering this, there were rumors that money was allegedly being collected for this purpose. Nobody can confirm the truth, but as Ismet Mersovski says, it is known that some of the Albanians who are loyal to the local leadership were assigned to pay attention to every non-Albanian person considered a threat. This is just further confirmation of the constant fear among them.

Beside the political aspect, it is also important to understand the economic aspect in order to gain a complete picture of Debar. As a rule the overall problems in the state affect the economy in Debar as well. However, part of the mosaic in Debar is the replacement of managers of the more powerful enterprises on a political basis. The first replacement, as those in the know say, was in the "Plaster Factory." The manager, Cvetko Mihajlovski, was replaced by Isak Sehu, president of the "El Hilal" humanitarian association. Before that, Krste Kazanski from the Debar spa was replaced by Ismalj Akaslogu. These are actually the main points where the communal leadership's influence is the greatest, because these two are the most powerful enterprises. Now a manager—Albanian—has been removed from the "Glass Factory" because he did not follow the communal political line, and a battle is under way for control of the "Skopje" House of Culture. Fortunately, as they say, the government ministries are in charge of other institutions and organizations.

"Thank God for the fact that the communal leadership does not have greater authority, because even with the authority that it does have, it has badly damaged Debar," medical doctor Jusuf Vojinka, director of the Medical Center and first man among the liberals, says. "Nearly the whole economy has been paralyzed, the processes of transformation and privatization have been deliberately stopped until the price of business properties are totally devalued, certainly for their own purposes. Of around 6,000 workers, there are now 1,500 employed in Debar, a great number of people are on the edge of existence, and around 1,500 families should

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receive social assistance. Nevertheless, the communal leadership is not interested in this. For them rights to local self-management are more important."

Manners

We talked about these problems with the one side openly, and we tried to talk about it with the other side as well. However, the chairman of the Communal Assembly, Kjemal Dzafa, as we were told, was too busy to receive us. His deputy, Jakup Marku, was kind enough to see us. It was a really very amicable meeting. However, with the passing of time and discussions, in which we asked the same questions as we asked the other side, the amicability seemed to disappear. At one point he even reproached us, saying that our questions reminded him of an old, overcome determination, style, and so on. Nevertheless, we had the strong impression that the deputy chairman was also a prisoner of the old political manners. It was all in the style that would be described by those who know the situation in Debar as "the snake hiding its legs."

"My opinion is that the interethnic relations in Debar are normal in spite of what they say," Marku says. "In my view, there are no antagonisms, conflicts, or clashes, and neither can there be any in the future. It is a different matter that the political parties always try to present their mutual conflicts as interethnic. Actually, there have been misinterpretations about this among the public." As far as he is concerned, there are no tensions in Debar, and as for the party disobedience to the PDP center in Tetovo, it was the first time he had heard of anything like that from us, while he said that the cooperation with parties from Peshkopi in Albania was a day-to-day policy for overcoming local problems.

It is apparent that the two sides have totally different views and thoughts. While the people in Debar are waiting for any kind of solution, Debar will continue to live with its stray dogs in the streets. And "Spilje" [water accumulation] has never been so replete with water.

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Walesa Seeks Opportunity To Oust Government

LD1106100295 Warsaw TVP Television Second Program Network in Polish 1900 GMT 10 Jun 95

[Passages within quotation marks recorded]

[FBIS Translated Excerpt] President Lech Walesa on the last day of the Seventh Congress of Solidarity proposed that an alliance of reform forces be established to overcome the communists and win the parliamentary elections. The president emphasized that this could only be done through democratic transformations.

[Correspondent Andrzej Radunski in Gdansk] During his over-two-hour meeting with the delegates to the congress, the president spoke mostly about opportunities for overthrowing the current parliamentary and government arrangement. He emphasized that he was against this arrangement, but it could not be crushed with methods that the communists used to apply.

[Walesa] "In a democratic state, only through mandates, only through elections, that is the only way you take power and offices, there is no other way."

[Radunski] Lech Walesa, replying to a question about the possibilities of resisting attempts by the left to overthrow the current television management, said that just as in other situations, he was too weak there. Unless there are early elections, he suggests something else.

[Walesa] "Too bad. We have to begin with me. We have to get organized and get ready for what I have suggested: the future parliamentary victory. Along the way we will make a careful note of every office occupied by the communists. In every case we will prepare our man for the office, so that after the victory, within 24 hours, we will throw all the bastards the hell out, all of them the hell out. But this, ladies and gentlemen, (?has to be organized). There is no other way."

[Radunski] The president said this is the second time he has asked Solidarity for support, and that no politician can win in Poland without a base. The president is going to fight the government and parliament because he thinks this political arrangement, although arrived at democratically, is abnormal.

[Walesa] "At their least stumble, at any opportunity I am going to dissolve this arrangement because it is harmful for Poland. I am not afraid of agents of the red bourgeoisie. I am not. They can kill me but they cannot not overcome me."

[Radunski] The president reacted with feeling to the views of some of the delegates who accused him of breaking up the right.

[Walesa] "This is something I cannot stand: You have these shitty arguments, from Urban, from crazy people [nawiedzony], and you believe them, but your own chairman, who has it in writing that you are honored to delegate him, you will not believe, even if I were to take my heart out, you do not want to believe."

[Radunski] The meeting ended in applause, but there were great differences in the delegates' perceptions. [passage omitted]

Calls For Anticommunist Alliance

LD1006200995 Warsaw Polskie Radio First Program Network in Polish 1800 GMT 10 Jun 95

[FBIS Translated Text] At the Solidarity congress in Gdansk, Lech Walesa confirmed his readiness to conclude a political agreement with Solidarity, and proposed the creation of an alliance of reform forces to overcome the commies and win the parliamentary elections. But he emphasized that this can only be done along the road of democratic transformations.

The president, who today attended the last day of the seventh congress, and for two hours replied to delegates' questions, emphasized that we could not undermine the principles that we are creating. In a democratic state the principles are elections and the ballot paper.

Union Chairman Marian Krzaklewski demanded that the president say why after the elections on 4 June 1989, no free elections were brought about, why the Solidarity parliament did not adopt a new Constitution, and why has there been no mass enfranchisement of society. In response, President Walesa admitted that six years ago Solidarity made a mistake by not seeing the transformations that were started through to the end. Lech Walesa noted that not even today all of the demands of that time can be implemented.

At the end of the meeting Lech Walesa called on the Solidarity trade unionists to take responsibility for Poland, and said he himself will try to enter the fray again.

Also at a news conference after the meeting with the delegates to the Solidarity congress, the president did not declare unambiguously his participation in the elections, but he repeated several times that he preferred to lose rather than run away.

Asked which political party he could possibly identify himself with, Lech Walesa replied that the Christian National Union was ideologically closest to him.

In accordance with the trade unionists' expectations, Lech Walesa promised he will veto the act on privatization and commercialization of state enterprises.

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Asked about the future of the management of public television, the president said he will defend Chairman Wieslaw Walendziak against his removal from office as he was against political games involving television.

Solidarity's Seventh Congress Ends in Gdansk

LD1106191495 Warsaw TVP Television First Program Network in Polish 1730 GMT 11 Jun 95

[Relayed by Warsaw TV Polonia Network in Polish]

[FBIS Translated Excerpt] The Seventh National Congress of the Independent Self-Governing Trade Union Solidarity delegates ended this evening in the Gdansk Olivia arena. In the adopted programmatic resolution the union included the most important aims of the union: The enfranchisement of society, the increase of real wages, and the protection of families against poverty.

[Correspondent A. Radunski, reporting from Gdansk] Other important aims of Solidarity in the new term of office will be the fight against unemployment and ensuring widespread access to health service, education, and culture. Ensuring decent social benefits is the union's final aim. [passage omitted].

The congress also expressed its support for Colonel Ryszard Kuklinski and demanded his complete rehabilitation. The congress issued its opposition toward the recent dismissal of the Supreme Chamber of Control chairman, and called for an immediate end to the war in Chechnya. [passage omitted] [video shows general view of Olivia arena, individual Solidarity delegates, Solidarity leadership]

Sejm Adopts Prime Minister Oleksy's Report

LD0906150595 Warsaw Polskie Radio First Program Network in Polish 1200 GMT 9 Jun 95

[FBIS Translated Excerpt] The Sejm has adopted the report of Prime Minister Jozef Oleksy, who yesterday presented to deputies a report on the progress of implementation of the government's program intentions. The vote was preceded by a debate amongst the parliamentary floor groups, after which Oleksy reviewed the accusations being levelled against the government. The prime minister stated that the frustration comes above all from the fact that society is underinformed as to the activities of the government. He said that, in effect, the government is being accused of not doing that which it has in fact just done. He again appealed to the media to report more fully on the government's work. He announced that the passing on of information to journalists would be made more efficient. [passage omitted]

Article Claims General Staff Seeks Full Autonomy

WS0906140095 Poznan WPROST in Polish 11 Jun 95 pp 26-28

[Article by Miroslaw Cielemiecki: "What Is the General Staff of the Polish Armed Forces Playing At? A State Within a State"]

[FBIS Translated Text] Lieutenant General Tadeusz Wilecki, chief of the General Staff, has launched a fight for the highest prize. He is trying to minimize the influence political and social institutions have over the Armed Forces. Thus far, he has been very successful: The Armed Forces, in particular the General Staff he heads, have already secured an alarming degree of autonomy. It seems more is yet to come: It is estimated that the general has still about one year left to strengthen his own position and that of the General Staff. Politicians who disapprove of the general's policies claim that over this period the Armed Forces may shun far more civilian control than they ever had in the times of the People's Republic. Reinstituting it could be difficult or, as the biggest pessimists say, even impossible.

For several years now, Gen. Tadeusz Wilecki has been trying to have a commander in chief or inspector general head the Armed Forces in times of peace, much to the astonishment of West Europe. He would be in command of the entire Armed Forces and be subordinated directly to the president. The general does nothing to hide his dislike for concepts widely approved in NATO providing for a great autonomy of the Army, Air Force, and Navy.

Tadeusz Wilecki Already Enjoys More Power Than Any Other Army General in the Democratic States of Europe

He is also more effective than any other military man in defying decisions made by his political superiors. The implementation of his centralist vision would deprive both the defense minister and the prime minister of any control over the Armed Forces.

"The chief of General Staff has already begun implementing his ideas by the accomplished facts method, disregarding the lack of political license and existing legal regulations," claims Deputy Defense Minister Jerzy Milewski.

Until 1989, the General Staff was one of the six central administration units within the Ministry of National Defense [MON]. It was the only branch that survived the transformations carried out within the administrative structures of the Polish Armed Forces unscathed. It grew considerably over the last few years. As a result of restructuring, it took over many functions of the central

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institutions that had been dissolved. It currently employs approximately 1,260 people, as compared with the 850 officers and civilian staff employed by MON. Moreover, the head of General Staff directly supervises the MON Security Units [Zgrupowanie Jednostek Zabezpieczenia MON].

Until Recently, Gen. Wilecki Cunningly Concealed His Ambitions in Public. This Has Now Changed.

"The head of the General Staff of the Polish Armed Forces is a public figure, a political figure, and there is no denying that. He is responsible for the political issue of Poland's defense system," he said recently. He thus seems to have forgotten the so-called defense doctrine of the Polish Republic which provides that it is the defense minister who is in charge of the Armed Forces. The document claims that the defense, internal, and foreign ministers are responsible for the implementation of key defense objectives at the government level. According to the Law on the General Military Obligation To Defend the Republic of Poland, only the defense minister—through the head of the General Staff and lower-ranking officers—commands the Armed Forces and oversees development, training, and preparations for the defense of the state. Gen. Wilecki, however, tends to lean rather towards the Belweder's interpretation of the small constitution, which provides that MON and the General Staff are subordinate to the president of the Republic of Poland.

Although Lech Walesa has dispelled rumors that Gen. Wilecki was his candidate for prime minister, the General Staff head's name appeared on the list of candidates the Christian-National Union would most gladly see contend for the presidential office. Since last year, particularly after the Drawsko dinner, officers from Gen. Wilecki's immediate surroundings have become more visible in public. Generals signed petitions, for example, reproaching the press for their negative coverage of some military issues. Neither deputies nor politicians were spared, civilian heads of MON being no exception. "Now and then we hear talk of further cuts in the Armed Forces. Such opinions are spread primarily by populists and incompetent individuals. If we do demand any cuts, we should start by reducing the overgrown civilian administration at MON," Major General Julian Lewinski, head of the Warsaw Military District and a friend of Gen. Wilecki's, told the press. The same general attacked deputies and politicians who "passed through MON" and, "holding high offices, failed to do much for the Armed Forces," yet currently "voice their disapproval of everything that is being done within the Armed Forces."

With each passing month, the General Staff is taking over more functions from the civilian part of MON by applying the "accomplished facts method."

MON Is Becoming an Irrelevant Facade Maintained To Keep Up Appearances, Most of All for the Sake of Those Who Will Accept Us Into NATO

In reality, civilian control over the Armed Forces is becoming ever more illusory. Ever since Jozef Oleksy's government came to power with Wojciech Okonski as defense minister, civilian Deputy Minister Jerzy Milewski was deprived of any influence on major decisions pertaining to administration over the ministry. A request for his dismissal has been sitting on the prime minister's desk for two months now. Deputy Minister Danuta Waniek has handed in her resignation (so that she could head Aleksander Kwasniewski's electoral committee), after a long period of being criticized by the General Staff, and—most recently—by Minister Okonski. Deputy Minister Jozef Kuriata, who is soon to retire, has no real power of which to speak.

It seems that Minister Okonski, ever since having taken office, presented his deputies with a vote of no confidence. Only he and Gen. Tadeusz Wilecki, head of the General Staff, remained in command of the Armed Forces. Basically speaking, Okonski's office is in reality a small cabinet in Klonowa Street. The minister is hardly visible in the shadow of the General Staff head. This is particularly evident at official state and military ceremonies and public appearances. Okonski has most probably accepted the fact that he plays second fiddle. Gen. Wilecki is always in the forefront: At the president's side, at the disaster site of a collapsed building, among war veterans, in the company of eminent foreign politicians. "The General Staff and the generals are increasingly displaying their outright disdain for the civilian administration of MON. The minister is even ignored in some cases, when he cannot be dominated," says Jerzy Milewski.

The general's offensive—targeted at marginalizing civilian control over the Armed Forces—was launched when the then Defense Minister Piotr Kolodziejczyk agreed to have the Military Information Services [WSI] moved to the General Staff. Kolodziejczyk, however, had planned to simultaneously establish a special ministerial office controlling the WSI under his direct supervision. It has not been formed to this very day. Military intelligence and counterintelligence are thus in reality under Gen. Wilecki's control.

Minister Kolodziejczyk had also given instructions that the issue of military attaches be settled to meet European standards and provisions of the Vienna Treaty, by

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extracting them from the WSI structures and subordinating them to the MON Foreign Affairs Department. Those instructions have never been implemented. Thus, the General Staff decides on how the sinecures for generals and higher-ranking generals at foreign missions are distributed. The General Staff "is taking over" staffing decisions from MON by similar methods.

Divisions Duplicating the Operations of Training, Information, and Press Departments Are Developed Within the General Staff...

The process is accompanied by harsh criticism of the hitherto achievements of services established within the Armed Forces after 1989. All services except for the Field Ordinary's Office, that is. Last year, the head of General Staff began making decisions on the most important issues pertaining to state defense on his own, without consulting the minister. Immediately before the Drawsko dinner, Gen. Wilecki surprised Minister Kolodziejczyk by agreeing to sell approximately 60 modern, rarely used imported combat vehicles to an Arab state.

The General Staff has come to take full control over planning in the Armed Forces. The recently established Economic and Financial Board at the General Staff unequivocally decides on the final shape of the military budget. The General Staff has also taken over a large share of the prerogatives of the planning department headed by Deputy Minister Kuriata. Gen. Wilecki and his subordinates practically decide on what and where the Armed Services purchase and on the further development of the particular military formations. Although funds allocated by the state to defense are meager, nearly 400 million new zlotys are spent annually on purchases. Control over such a huge flow of money gives real power over a major part of the arms industry: Any company that is on the MON shopping list can easily survive for a year to come, while those that are rejected face financial difficulties.

The civilian departments have increasingly less access to the General Staff's database on the Armed Forces. They can reach them only by instituting a very complex routine procedure through the appropriate deputy minister and head of the General Staff. The latter rations the information. Some decisions made by the civilian administration are thus either belated or not worth much. This gives the General Staff all the more reason to disavow the civilian officers.

"Divisions of the General Staff which were initially only to mediate in relaying instructions issued by the civilian administration are in fact beginning to play a central role in running the ministry," says [Deputy] Minister Milewski. This has lead to some paradoxes: two services—the General Staff and MON—function side by side and often cross paths within the same building, which had previously housed the human resources department. The building where the logistics department is housed is divided like a cake between overlapping civilian and military services subordinated to the General Staff. Both have similar tasks, thus competence issues are often the source of conflicts.

"The General Staff has begun issuing instructions to the civilian officers," said a high-ranking official at MON wishing to remain anonymous.

"Many Generals Within the General Staff, Including Gen. Wilecki, Give the Impression They Do Not Understand the Principles of a Democratic State"

...says Danuta Waniek. "All they did to adapt to the new reality was replace the first secretary with the president."

Gen. Wilecki divides and rules in the Armed Forces. The loyal and submissive can count on promotions and awards. Looking at the General Staff from the outside, it seems it solidly backs its chief. "That is an delusion. Wilecki is not supported by absolutely everyone," says a high-ranking officer wishing to remain anonymous. Our sources claim many generals do not speak out because they feel they depend on their boss. "Parys [first civilian defense minister in Jan Olszewski's government] in uniform," whisper General Staff employees of Gen. Wilecki.

Officers at the General Staff find the explicit involvement of their boss and his closest colleagues in politics frightening. Such involvement never did the Armed Forces any good. Anxiety runs high as the presidential elections—in which, as it currently seems, Lech Walesa has no chance of winning—are nearing. If anyone from beyond the right is elected, no one who counts is likely to support the model of running the Armed Forces Wilecki proposes. The newly elected president will probably want to reexamine the Drawsko affair and rectify the system that has emerged in its aftermath. The generals hope, however, that in the beginning he will have more important issues to tend to than arguing with the General Staff, and later on it will be too late to carry out any radical changes.

"All the key functions of MON are being gradually taken over by the General Staff, and the civilian administration is losing power. Unless the process is stopped, the Republic of Poland may see the rebirth of a military Ministry of National Defense modelled after that of the People's Republic, one that functioned in an entirely different system and international context. The Armed Forces may once again become autonomous

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from the state," warns [Deputy] Minister Milewski. If this does happen, it will mean that not the Russian, but our own generals will push us out of the line in which we are waiting to join NATO.

* * *

The Head of the General Staff's Men

Lt. Gen. Wilecki's men include several dozen generals and colonels, primarily from the General Staff of the Polish Armed Forces and the Warsaw Military District. The majority are graduates of the Armored Troop Officers School in Poznan, which the general himself attended. Another thing they have in common is past military service in the Silesian Military District (Wilecki was its commander) and studies at the General Staff Academy of the USSR Armed Forces. Lists of generals promoted over the past two years were most often compiled and approved by Gen. Wilecki.

Gen. Wilecki's closest colleagues are Major General Julian Lewinski, chief commander of the Warsaw Military District; Major General Leon Komornicki, head of the Training Inspectorate and Deputy Head of General Staff; and Major General Janusz Ornatowski, chief commander of the Silesian Military District. They have been recently joined by Brigadier General Konstanty Malejczyk, the newly appointed head of WSI. Some expand the list to include Lt. General Edmund Bolociuch, first deputy head of General Staff, but only because he is fully devoted to all his superiors.

Tadeusz Wilecki

Tadeusz Wilecki was appointed to the post of head of General Staff on 3 August 1992, in the times of Hanna Suchocka's government. Presenting him with the nomination, President Walesa said: "You are respected by both the military and politicians."

Tadeusz Wilecki, 50, was born in the Lublin region. Graduate of the Armored Troops Officers School in Poznan and the General Staff Academy. He was head of staff at a tank regiment in Opole. He studied at the Academy of the General Staff of the USSR Armed Forces. Having completed his studies, he came to command the Fifth Armored Division in Gubin. In 1987, he was appointed to head of staff at the Silesian Military District. Two months later, he took over command.

He is married, with two children. His personal interests include history, music, and literature. His hobby is sports.

Minister Criticizes Article

WS0906141995 Warsaw ZYCIE WARSZAWY in Polish 8 Jun 95 p 1

[Article by Luiza Kowalska: "Electoral Uniform"]

[FBIS Translated Text] "The agreement on not involving the military in the election campaign has been violated," says the head of the Ministry of National Defense [MON], pointing an accusing finger at the WPROST weekly, closely affiliated with the Democratic Left Alliance [SLD].

The sharp accusations were generated by the latest issue of WPROST, carrying a report on relations between MON and the General Staff, "A State Within a State." Zbigniew Okonski was outraged by the very cover of the weekly: a picture of the president kneeling on one shoulder of the head of General Staff, the minister on the other shoulder scratching his head—as he himself put it—"like a gorilla."

In the article, Miroslaw Cielemiecki claims that MON is a facade kept up only for the sake of calming the West that the Polish Armed Forces are under civilian control. To prove the autonomy of the generals, he quotes First Deputy Defense Minister Jerzy Milewski: "The General Staff and some of the generals are increasingly forthright in displaying their disrespect for the civilian administration. Even the minister himself is ignored if he cannot be dominated."

"Such claims are harmful to the interests of state and provide an argument for those who oppose our joining NATO. Civilian control in the Armed Forces is no worse than anywhere else in the world," said a harried Okonski at the news conference. He announced he will take disciplinary action against Milewski. "It is up to the prime minister to dismiss him. If all else fails, there are other solutions," the head of MON assured.

After the conference, he expressed his regrets: "At the MON summit (president, prime minister, heads of MON and General Staff—ed.) we agreed we would not draw the Armed Forces into politics, and here you are... After all, WPROST is very closely affiliated with the SLD."

"Was the chief editor of WPROST present and did anyone agree with him on anything? I know nothing of the sort," said Sejm Defense Commission Chairman Jerzy Dziewulski (SLD). "Suspecting us of steering the media proves the minister does not know much of the principles that are currently observed. We are not drawing the Armed Forces into anything. There is no proof of that."

Meanwhile, the head of MON admitted yesterday that he is looking for a new deputy, among others on the

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right. "This decision also rests with the prime minister," he reminded.

"That is all the prime minister wants," laughed Szmajdzinski upon hearing the statement.

Daily: Deputy Defense Minister To Be Replaced

WS0906142695 Warsaw ZYCIE WARSZAWY in Polish 9 Jun 95 pp 1-2

[Article by Luiza Kowalska: "MON; Drawsko Dinner Proved Effective; Presidential Chair More Important Than a Deputy Minister"]

[FBIS Translated Text] The president finally achieved what he wanted to—Deputy Defense Minister Jerzy Milewski, the last victim of the Drawsko dinner, will be recalled. The prime minister agreed to it yesterday, but made one condition: Milewski is to be replaced by Andrzej Karkoszka, a high-ranking official in the National Defense Ministry [MON], we found out unofficially. Jozef Oleksy, whom we asked to confirm this information, did not deny it.

When Milewski leaves, in MON there will be no people left who were attacked during the meeting in Drawsko. Nine months ago in Drawsko, disgruntled generals demanded the resignation of the entire leadership of the ministry at that time. The first to be dismissed was [Defense Minister] Piotr Kolodziejczyk; then Danuta Waniek left the ministry, and now—Milewski.

The statements which Deputy Defense Minister Jerzy Milewski made for the WPROST weekly, which outraged Defense Minister Zbigniew Okonski so much, are to be used as a pretext to recall him. WPROST submitted a thesis that now that Okonski is minister the civilian control over the Armed Forces is pure fiction, which is being maintained due to the state's pro-NATO policy. Milewski added that in the relations between MON and the General Staff it happens that generals ignore the minister even when they are dealing with issues in which the minister is not subordinated to them.

"I sustain everything I said there," Milewski told us yesterday.

However, the real reason for his recall is completely different. Okonski (who has been sent to MON by the president) submitted to the prime minister a motion requesting Milewski's recall immediately after he became minister. It was because Milewski had "betrayed" the president.

It is worth recalling that Milewski came to MON 18 months ago because he was recommended by the president. Soon after that he began to go over to the camp of Walesa's opponents, who were critical of the president's concept of subordinating the General Staff chief.

During the Drawsko crisis (when generals and Walesa demanded the recall of the civilian leadership of MON) Milewski firmly backed Kolodziejczyk and the post-communists in the government who supported the minister. Quite recently Aleksander Kwasniewski encouraged Milewski to not yield to Okonski's pressure and to not resign from office.

"We do not want an unnecessary war. Why should we need deputy ministers in a situation when the stakes are much higher—the presidency," one of the leaders of the Democratic Left Alliance [SLD] explained to us, analyzing the prime minister's yielding attitude. As a matter of fact, the prime minister himself has not entirely yielded to anyone—Andrzej Karkoszka, the future secretary of state in MON (today head of MON's International Security Department), is well known in the SLD. The party submitted to the president his candidacy, among others, when it tried to appoint its own people to posts in MON last spring.

Defense Minister, U.S. Official Discuss F-16s

WS0906143495 Warsaw ZYCIE WARSZAWY in Polish 9 Jun 95 p 3

[Article by "CEG": "Poland-United States; Okonski: We Need F-16 Aircraft That Are Not Too Old"]

[FBIS Translated Text] "Poland is interested in receiving free F-16 fighter planes which the United States is withdrawing from its Armed Forces. However, we would like to get aircraft which could be used for 15 or 20 years after being repaired and modernized. We are also thinking about a warning system," Defense Minister Wojciech Okonski said after a meeting with Paul G. Kaminski, U.S. deputy secretary of defense. Poland might receive the aircraft thanks to the so-called Brown amendment, which makes it possible to obtain surplus U.S. arms for free.

The U.S. politician evaded the question of why the Clinton administration is against the Brown amendment. "Our government is well disposed toward Poland, the best evidence of which is my presence here," Kaminski said.

Today an agreement on scientific-technological cooperation will be signed between Poland and the United States. Our country is counting on U.S. assistance in cleaning up areas contaminated by Soviet troops before they left our country.

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Likely Peasant Party Candidates Viewed

WS0906131595 Warsaw RZECZPOSPOLITA in Polish 9 Jun 95 p 5

[Article by Ewa K. Czaczkowska: "Selection of Presidential Candidate Will Decide Who Will Be New PSL Leader; the Stake Is Party Chairman, Not President"]

[FBIS Translated Text] The purpose of the continuing discussion within the Polish Peasant Party [PSL] on who should run in the presidential elections is no longer electoral verification of the party itself and of its presidential candidate. The discussion is to finally settle one thing: the leadership in PSL. Depending on who is elected the party's candidate—Pawlak, Zych, or perhaps Jagielinski—Waldemar Pawlak may or may not remain chairman of the party.

Ostensible Hesitation of the Sejm Speaker

Uninitiated observers find it increasingly difficult to understand what has been going on in PSL for the last few weeks. Jozef Zych, the party's most viable candidate for president, is still hesitating, whereas Waldemar Pawlak, who wants to run in the elections very much, is still unable to get the nomination from his party. It is certainly not enough to explain this situation by saying that such is the character of the main candidate.

As recently as two weeks ago it seemed that Speaker Jozef Zych had ultimately given up the idea of running in the elections, because he argued that his involvement in the campaign might lead to the destabilization of parliament. First he told the highest leadership of PSL about it and then he informed members of the parliamentary club. A few days later the speaker's decision was publicly confirmed by Janusz Dobrosz, spokesman for the club. On the following day, it turned out that the speaker had not made up his mind yet. He reiterated that he had already made his decision, but he refused to give an answer when asked whether he would agree to run. The party's leaders, who wanted to prolong this game, took advantage of the tension caused by the week of Solidarity protests. It was officially decided that it was not a good time to make political declarations and that it was possible that the presidential elections might be deferred. The leaders agreed that the final decision would be made at a time that would be better from the political point of view, that is, in late June or early July.

However, mistaken are those who believe that the postponement of the decision was Pawlak's victory because he got more time to win members of the convention over to his side. It is a fact that only one voivodship-level PSL organization officially endorsed Pawlak's candidacy (the organization in Plock, where he comes from); all the other organizations recommended Zych. According to circles closest to the PSL leadership, however, if Zych had irrevocably withdrawn on 29 May and if, as Pawlak's supporters wanted him to, he had "anointed" Pawlak, then the party's chairman would have received the nomination in default of any other viable candidates. Yet Zych did not want this to happen.

A Giant Without an Ace

Since the time when Jozef Zych was deputy Sejm speaker and Waldemar Pawlak was prime minister, the situation in PSL, as well as contacts among the party's leaders, have changed dramatically. A few months ago Prime Minister Pawlak, who was very high on the presidential ranking lists, would have been the person to recommend Zych, who, just like today, would not have been very enthusiastic about the idea of running in the elections. Aside from his staunch supporters, Zych was backed at that time by opponents of Pawlak's candidacy, as well as by "pragmatists," who presented a prospect which was politically unrealistic: "Our prime minister, our president."

When the Pawlak cabinet fell and the popularity of the PSL leader plummeted—also among the party's members, and when Jozef Zych, as speaker of the Sejm, gained another strong argument against running in the elections, it turned out that the party found itself in a paradoxical situation. As the political grouping which had the largest number of members, it did not have an appropriate presidential candidate: Zych did not want to run, even though as Sejm speaker he became even more popular with the peasants, who were also convinced that he would be able to win some of the votes of people living in towns; the prospect of fielding Pawlak suddenly became too risky for the party, and fielding other candidates, such as Senate Speaker Adam Struzik, would spell definite failure.

To Be or Not To Be for Pawlak

As a result of the clash between the peasants' huge political ambitions and the fear of the risk that the party would have to take if it fielded a candidate other than the Sejm speaker, certain circles within PSL came to quite surprising conclusions: If we no longer have a chance to move on to the runoff round of elections (they could only count on an accident, caused by a large number of candidates and considerable dispersion of votes), then we might at least put things in order in the party. Many PSL members believe that Pawlak's failure did not change anything in the methods that he is using in his work as party chairman. Thus, quite unexpectedly, it turned out that the future of PSL depends on who runs in the elections—this will simply decide who will

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run the party for the next few years. Both Zych and Pawlak know it. Running in the presidential elections means "to be or not to be" for Pawlak. If he receives the party's nomination, it will mean, in a sense, that he has returned to the political scene and that his position in the party has been strengthened; also, if the parliamentary elections were held next year, he would certainly be reelected chairman of the party at the next PSL congress (fall of 1996). Zych, in turn, must know that if the presidential elections are followed by a parliamentary poll, it is rather unlikely that he will be Sejm speaker then. He will also be pushed out of the limelight within the party. If he decides to take part in the campaign, he will not lose anything; on the contrary, he may strengthen his position and influence personnel decisions within the party.

A Dark Horse?

However, the speaker apparently does not feel like taking part in the campaign; hence the nervous efforts to find another candidate and the deferment of the decision, to persuade other members of the convention to endorse him. This candidate would be Roman Jagielinski, who has been critical of the PSL leader for a long time now. Asked whether he would agree to run in the elections, the deputy prime minister replied: "If Speaker Zych says I should run, then I will say yes."

It is highly unlikely, however, that Jagielinski is backed by the convention—that is, by all the supporters of Zych's candidacy and opponents of Pawlak—especially now that he has signed the anti-inflation package prepared by [Finance Minister] Grzegorz Kolodko. Many PSL members believe that Kolodko is acting against the interests of peasants. Pawlak's rhetoric (which has recently become sharper and now it is typical of an oppositionist rather than a member of the coalition) is still more attractive to many PSL members than Jagielinski's support for the reforms. Some of the peasants, probably a majority, are ready to sacrifice democratic principles of running the party to defend their economic privileges; they are ready to forget what they are criticizing.

Secret Conflict

Aside from the conflict of interests between groups within PSL, there are also personal animosities between Pawlak and Zych, which go date back to the fall of 1993. When the government was being formed, the coalition parties agreed that they would share (the so-called parity) the functions of [Sejm] speaker and prime minister. PSL was offered the office of speaker (for Zych); however, after lengthy negotiations PSL finally took the portfolio of prime minister. Zych had to give up his aspirations and Pawlak became prime minister. When the Pawlak cabinet fell, Zych triumphed—the office of Sejm speaker was the crowning glory of his political aspirations. Pawlak did not, however, hide his emotions: As head of the club and of the party, he did not recommend Zych for the post of the speaker; the person who did it was Janusz Dobros, deputy chairman of the club. Then, during the first part of the election convention, when Pawlak's supporters asked Zych to recommend Pawlak, he refused to do so.

Thus, Jagielinski's chances to get the party's nomination are small, even if Zych endorses him. Will the Sejm speaker decide to run in the elections in this situation? If he runs in the elections—despite his own conviction and, as some say, despite the promises he has made, will it be the price he pays to make it possible for PSL to change its leader? If Zych finally withdraws, Pawlak will be guaranteed the post of PSL chairman for the next few years.

PSL's Head on Elections

WS0706120095 Warsaw TRYBUNA in Polish 3-4 Jun 95 p 7

[Interview with PSL Chairman Waldemar Pawlak by Ewa Rosolak; place and date not given: "I Will Not Evade"]

[FBIS Translated Excerpt] [Passage omitted] [Rosolak] Even though in the Polish Peasant Party [PSL] there are several candidates who are willing to run in the presidential elections, only two of them should be taken into consideration: Sejm Speaker Jozef Zych and yourself. Jozef Zych first refused to run in the elections. Now he no longer says "no," nor does he say "yes." You have not said an unequivocal "yes," either. Why?

[Pawlak] I believe that the most important thing will be to think about various possible scenarios quietly and to try to find rational solutions that would take into account the entire situation. Hence the serious discussions in PSL.

[Rosolak] What do they concern?

[Pawlak] There are many subjects and problems. Events in recent weeks, for example, have created a threat to democracy and to the functioning of the parliamentary system. Therefore, this system and establishments related to it should be stabilized. This is one of the reasons why the decision on fielding PSL's candidate was postponed.

[Rosolak] Does this mean that now PSL needs Jozef Zych first of as the Sejm speaker rather than as a candidate in the elections?

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[Pawlak] You should not look for any hidden meanings in my statement. What I meant was cool pragmatism, which results from the very complex situation. Incidentally, as has been seen so far, the very fact that other parties already decided to field their candidates has not speeded up the election campaign very noticeably. Everything is still in the organizational stages.

[Rosolak] Do you agree with the view that Zych's campaign would be quiet and yours would be aggressive?

[Pawlak] I do not agree with such a simplified opinion. What counts in politics is not only personality, but also the situation and current events. Sometimes one has to make sharp and firm statements even though one is mild in nature; sometimes one has to act in a quite opposite manner—in situations which require calmness, one cannot afford to respond nervously, regardless of one's temperament.

It is obvious that our personalities differ. This is why the decision as to who will be PSL's candidate in the elections should only be made when the complexity of the entire situation has been taken into account.

[Rosolak] If voters say during the second round of the convention that Waldemar Pawlak should be the PSL candidate, will you say: Yes, I want to run?

[Pawlak] I am thinking very hard about it. I already know the price that one pays for playing politics. I also know that if you are in politics, you must honestly present all the arguments and circumstances which are important in a given situation and which decide our future.

[Rosolak] Are you going to say yes?

[Pawlak] I will not evade. Right now this is the most precise answer I can give.

[Rosolak] Sejm Speaker Zych and you have declared that you are not playing a game with each other. Are your supporters not playing any game with each other as well?

[Pawlak] There is a certain element of competition, and it is only natural. However, what we all want is first of all to work out the best solution. Colleague Zych and I have had many common experiences in many different situations, and we always managed to find a solution which served our cause well. There is no reason why things should be different this time.

[Rosolak] You were prime minister twice and you certainly know the scope of the president's prerogatives. As a potential candidate for president, do you consider the powers of the head of state to be sufficient?

[Pawlak] I share the party's opinion that we are headed for a parliamentary system, in line with which the parliament is the primary legislative authority. Powers of the executive authorities should be separated more clearly, so that the functions assigned to individual establishments would not overlap and cause unnecessary conflicts.

The powers that the Polish president has right now, especially in comparison with other European countries, are rather broad. Regardless of subjective evaluations, it is important that the existing possibilities are used in the best way possible.

The situation gets worse if someone tries to take advantage of their powers in some kind of a boxing match on the political scene. It does not lead to positive results—only a lot of noise and emotions.

[Rosolak] What will be important to the PSL candidate during the election campaign?

[Pawlak] One has to look at the factors that decide our position in the international arena. What was important was the statement by [Foreign] Minister Bartoszewski that the primary goal is to carry out such a foreign policy that would allow Poland to build a strong and high position for itself in the family of free nations. Thus, it is important to present our issues with dignity and courage, to make efforts to ensure a high position for Poland and Poles in Europe and the world. This is a general principle which may help plan specific actions of state establishments, private companies, or individuals.

Where the economy is concerned, an important factor—one that often decides its competitiveness—is the financial policy, including the interest rate or the zloty exchange rate, which is so important for promotion of Polish exports. In politics there is a general duty to promote our economy in the international arena.

In other areas, such as the social sphere, for instance, the most important problem in our country is currently unemployment. We are slightly worried by the fact that the submission of a program of active unemployment combating has been postponed. Another problem is the entire package of social reforms, pension insurance, and health insurance. I believe that honesty compels us to adopt an approach that would make it possible for us to treat various social groups on equal terms. However, the programs that have been worked out so far are a cause of concern to us: peasants are once again the part of society which others want to treat more commercially than others—they are to carry new burdens.

As far as systemic solutions are concerned, PSL is in favor of the concept of a self-governmental voivodship:

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a second level of the self-government should be introduced in the place of the level of present voivodships. We want to stimulate activity in units larger than gminas [smallest administrative units]; we also want to see more regional activity. This involves increasing the powers of gmina authorities—giving them powers that would enable them to deal with the everyday problems that submit to them.

These are only a few of many concrete issues which the PSL candidate must talk about in the campaign. [passage omitted]

[Rosolak] I know that the PSL candidate will not omit state-church relations in the campaign. What kind of relations between these two institutions will you support?

[Pawlak] There is quite considerable pluralism in PSL as far as personal beliefs and philosophy are concerned. Even though most PSL members, by virtue of their religious beliefs, are linked to the Christian culture, we do not transfer our beliefs directly to politics. Our beliefs are our personal affairs where no discipline or organizational activities are imposed.

We have not changed our stand on the Vatican Concordat. Even though at times I got the impression that PSL was lagging behind the reformers of the Democratic Left Alliance, who managed to interpret the concordat in such a way that it turned out to be acceptable.

Now, seriously, we believe that in the political sense we are now talking about issues that have already been decided. I do not think that we can afford to reject the concordat. I also believe that it is possible to cause a situation in which decisions concerning concordat-related issues will be satisfactory to many people—for example, they may ensure the long-awaited element of tolerance. Also, as a result of the decisions, perhaps the Sejm will finally ratify the concordat. This would eventually end the procedure, which is more political than legal now.

I believe that if the issue of the concordat were finished now, it would be more useful than being in suspension. It would also be better from the point of view of taking advantage of the positive aspects, resulting from the fact that we would finally have an agreement with the Holy See.

[Rosolak] It is often said that the PSL establishment, also at the level of gminas, supports Zych, whereas Pawlak is backed by peasants.

[Pawlak] I do not think that it is necessary to make such contrasts. Divisions and motives are quite various. For example, some of my friends are not certain whether I ought to run in these elections. I am not certain, either.

[Rosolak] Does this mean that if voters decide that the situation calls for peace, they will elect Zych, and if they decide that unrest is needed, they will support you?

[Pawlak] The logic in politics is sometimes very obscure. What seems more effective than that is the principle that everyone should make their own decision after analyzing all the circumstances. This decision will have to be made by the delegates to the electoral convention. Their decision will correspond to the real situation in our circles. [passage omitted]

Foreign Investment Agency Outlines 1995 Tasks

95EP0124A Warsaw PRZEGLAD RZADOWY in Polish No 3-4, Mar-Apr 95 pp 138-139

[Report on information accepted by the Economic Committee of the Council of Ministers: "Tasks of the State Agency for Foreign Investment [PAIZ] for 1995"]

[FBIS Translated Text] On 14 February, the Economic Committee of the Council of Ministers reviewed the tasks of the PAIZ SA [State Agency for Foreign Investment] for this year, which were outlined by PAIZ Chairman Waldemar Dabrowski.

The Legal Format of the PAIZ

The State Agency for Foreign Investment was registered in April 1992 as a joint-stock company in keeping with the 14 June, 1991 Law on Companies With Foreign Participation (DZIENNIK USTAW, No 60, item 253). The state treasury represented by the minister of ownership transformations is its only shareholder. In October 1994, the minister of ownership transformations appointed a new board and council of trustees of the agency. Unlike the previous council of trustees which consisted of representatives from individual ministries, representatives from business and scientific communities and marketing specialists serve on the new council.

Objectives and Tasks

The objective of PAIZ operations is to secure foreign investment which results in long-term benefits for the Polish economy.

The agency accomplishes the following tasks in order to achieve this objective:

- promoting throughout the world a favorable image of Poland as a country in which it is worthwhile to invest;
- perfecting the systems of direct services to investors;

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- streamlining the investment process by informing Polish authorities about the experiences of foreign investors;
- lowering the barrier presented by the lack of public confidence in foreign investors.

The action strategy for 1995 calls for:

- implementing a program for the promotion of investment and the attraction of foreign investment to the sectors and regions;
- developing transparent guidelines and procedures for the process of foreign investment in Poland and an arbitration system;
- reinforcing the agency institutionally;
- developing, producing, and distributing promotional and informational material at varying levels of detail concerning investment opportunities in Poland, legal regulations in effect, and major economic sectors and regions;
- promoting among foreign investors institutional investment opportunities offered by the Polish capital market, including the program of National Investment Funds;
- developing cooperation with local, regional, and central authorities in the process of creating a favorable environment for investment;
- supporting incentive programs for foreign investors (regions afflicted by structural unemployment, special economic zones, management of post-Soviet property, etc.);
- ensuring appropriate preparations by Polish companies in search of foreign investors by developing standard company presentations;
- accumulating extensive and ultimately complete information in the form of a data base at international (Internet), national, regional, and local levels;
- cooperating with the Polish mass media in producing and distributing materials on the activities of foreign investors in Poland;
- identifying and implementing effective methods for investment research in cooperation with market research organizations.

The Structure of the PAIZ

The operation of the agency in its entirety is directed by a three-member board consisting of the chairman and two vice chairmen. The agency consists of two basic core departments: the Department of Investment Support and the Department for Auxiliary Professional Support. They cooperate closely with the Organizational Department, the Administrative Department, and the Finance Department. The Finance Department is supported by a reserved position of the European Union financial adviser, whereas the investment initiatives manager cooperates with the core departments.

Funding

Within the framework of the PHARE [Poland/Hungary Assistance to Restructure the Economy] INVESTPROM program, the PAIZ has been allocated 12 million ECU [European Currency Units] to accomplish the above tasks. In keeping with an agreement with the European Union, these funds may not be used for activities outside of Poland and the countries of the European Union.

The PAIZ has received 700,000 zlotys in budgetary funds to cover the outlays on the agency's maintenance in 1995.

The PAIZ does not have funds to operate outside of Europe.

Progress in Implementing the INVESTPROM Program

Within the framework of PHARE assistance programs, the European Commission has allocated 10 million ECU to carry out the Program for the Promotion of Investment in Poland (INVESTPROM). The INVESTPROM Financing Memorandum (an agreement signed between the European Commission and the Government of the Republic of Poland represented by the minister of ownership transformations in 1994) calls for 10 million ECU in PHARE funds to be supplemented with a sum of 2 million ECU contributed by the Government of the Republic of Poland to cover the costs of maintaining the offices of the State Agency for Foreign Investment, which coordinates the program's implementation. Therefore, the entire INVESTPROM budget amounts to 12 million ECU. The completion of carrying out INVESTPROM is scheduled for the end of 1996.

The main objective of the program is to attract foreign investment resulting in long-term benefits for the Polish economy.

The following are the basic avenues for INVESTPROM activities which are financed out of PHARE funds:

- reinforcing the PAIZ institutionally (1.95 million ECU);
- developing transparent guidelines and procedures for the process of foreign investment in Poland and an arbitration system (0.55 million ECU);
- implementing a program for the promotion of investment and the attraction of foreign investment in the sectoral and regional aspects (7.5 million ECU).

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The substantive scope of INVESTPROM is determined by the Strategic Plan and six-month Working Programs developed by the PAIZ and approved by the PHARE Operations Services in Brussels. The mode of both disbursement of and accounting for expenditures complies with uniform procedures for all PHARE programs established by the European Union. Actions outside of the European Union area may not be financed out of the funds allocated under the PHARE program.

The Ministry of Ownership Transformations transferred to the PAIZ a sum of 25 million old zlotys in 1994 out of budgetary funds within the framework of the Polish contribution to carrying out the PHARE program (about 14 billion zlotys out of this sum was spent before the end of the year).

After the PAIZ forwarded to Brussels the required documents, i.e. the Strategic Plan and the Working Programs in December 1994, the European Union remitted to the PAIZ account an advance for the implementation of INVESTPROM amounting to 1 million ECU in late January 1995. The implementation of the first projects in keeping with the approved Preliminary Working Program began in February 1995.

[Box, p 139]

The State Agency for Foreign Investment: 2 Aleje Roz, Warsaw 00-559; telephones (0-22) 295717, (0-2) 6216261, 6218904, 6210623, 6285061 extensions 438, 462, 691, 694; fax 6218427; Komertel line 39120444.

Agriculture Ministry's Priorities Outlined

95EP0123A Warsaw PRZEGLAD RZADOWY in Polish No 3-4, Mar-Apr 95 pp 120-121

[Report on news conference by Roman Jagielinski, deputy prime minister and minister of agriculture and food industry, on 15 March 1995; place not given: "Priorities of the Agriculture Department"]

[FBIS Translated Text] The new minister of agriculture intends to promote good, productive farming by, among other things, streamlining the organization of the market for agricultural and food products. The principal goals mentioned by the new minister at his first press conference, held in mid-March 1995, also include the expansion of rural infrastructure and meeting the actual needs of rural dwellers.

"I believe that new times have come for this ministry and for the Polish countryside," Roman Jagielinski, deputy prime Minister and minister of agriculture, told the reporters gathered at the ministry.

The new head of the ministry started by introducing to reporters his closest associates, that is the ministry's top executives (nearly all carryovers from the previous administration). As Deputy Prime Minister Jagielinski declared, in the near future he will also include among them Sejm Deputy Jacek Soska, whom he will appoint to the still vacant post of an undersecretary of state. Given his talent for establishing contacts with the rural constituency, J. Soska's principal mission will be to take steps to organize that constituency.

Deputy Prime Minister R. Jagielinski summarized the fundamental priorities by which the ministry will guide itself in pursuing farm policy and the policy on the countryside.

The first priority will be to take steps to meet the actual needs of rural dwellers, regardless of their financial status, occupation, or profession. Roman Jagielinski pointed in this connection to the patchwork picture of the Polish countryside, in which "pockets of poverty" loom large. That social group needs help, which, however, is provided chiefly by the Ministry of Labor and Social Policy and local governments as well as through cooperation with the Roman Catholic dioceses in conducting charity drives and through the self-organization of the rural community.

Next, enterprising rural dwellers and farmers who are ready for effective work should be primarily afforded the conditions for freely exercising private enterprise.

The second basic priority of the ministry's activities is to promote broad development of rural areas by building a broadly conceived infrastructure.

Still another priority is to be promotion of good, productive farming. Deputy Prime Minister Jagielinski emphatically repeated that this concerns "really good farming," thanks to which "food prices will not have to rise" and which would make possible "good cooperation between town and country, and vice versa," in accord with the intentions of the government of Prime Minister J. Oleksy. At the conference Deputy Prime Minister Jagielinski claimed that this goal can be achieved chiefly by tapping the potential and resources even now existing in agriculture. Eventual support for efficient farming should, in his opinion, come chiefly from budgetary funds and from various foundations.

"At present the market for agricultural and food products is insufficiently organized," stated R. Jagielinski, in discussing the last, fourth priority which the Ministry of Agriculture and Food Industry is posing to itself. A change to the better will be brought about by the establishment of commodity exchanges, such as the one which will soon be established in Bronisze near Warsaw, and a network of wholesale markets. The deputy prime minister also mentioned the ongoing plans

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to establish an institution (a "firm") with the object of promoting Polish foods domestically and on foreign markets.

Next, Deputy Prime Minister R. Jagielinski and the other top executives of the ministry answered numerous questions from reporters.

Answering one of these questions, the deputy prime minister and minister of agriculture discussed the status of draft laws on chambers of agriculture and farm counseling. The draft of the first of these laws is nearing completion; it will soon be considered by the Sejm Agriculture Committee and then it should become binding in law in the second half of this year. As for the draft law on farm counseling, it will be considered by the Ministerial Council in the first half of this year. "If this Sejm lasts until the legal end of its term, at the beginning of the next term the issues concerning agricultural law will be resolved," said the deputy prime minister.

Considerable interest was elicited by questions of equalization fees and food price forecasts. In the opinion of the ministry's top executives, the list of commodities covered by equalization fees should be complemented with three more: honey, gelatin, and powdered eggs. As for food prices, as the new agriculture minister predicted, the ministry will promote retail price stability by organizing a wholesale market. "We want profits to be shared to a greater extent by producers rather than by middlemen as at present," stated R. Jagielinski.

Other questions asked concerned the effect of the raising of the prime interest rate by the National Bank of Poland on the implementation of the program for low-interest farm credit, the chances for Polish processed agricultural and food products on foreign markets, and the deputy prime minister's opinion on the privatization of the sugar and tobacco industries.

Regarding the rise in interest rates, Undersecretary of State Maria Zwolinska pointed out that actually it turned out to be minimal, just 0.66 percent. Considering that March forecasts point to a halt in the growth of inflation, she voiced the hope that previous interest rates will be restored in the fairly near future. She pointed out in this connection that, paradoxically enough, it was chiefly the farm producers receiving government assistance in the form of loan subsidies who were hurt by the decision of NBP [National Bank of Poland, the central bank] chairman [to raise interest rates]. In contrast, the farmers who received loans from commercial banks generally remained unaffected by that decision, because most of these banks did not adjust their loan interest rates.

The ministry's top executives presented data demonstrating the growth of Polish agricultural and food products exports, as a result of which, late last year, it became possible to balance foreign trade in these products; moreover, this year an export surplus has been recorded. Undersecretary of State Ryszard Smolarek was gratified to emphasize the rising share of preprocessed and highly processed commodities in the exports. He also voiced his belief that in the long run the agreements with the EU and GATT will afford an opportunity for increasing Polish exports of agricultural and food products to the level of $1 billion. Poland is represented at all agricultural and food fairs, and promotional activities are being undertaken by offices of commercial attaches and publications of the POLISH FOOD type. The ministry expects to become even more active in promoting Polish agricultural and food products.

Deputy Prime Minister Roman Jagielinski took a position on the ongoing and planned privatization in the subsectors with which the ministry of agriculture is concerned. He informed reporters that at its last meeting the Ministerial Council has decided to transform state-owned sugar plants into one-person Treasury companies [as the first stage of their privatization]. Now it is necessary, in the deputy prime minister's opinion, to settle the question of which holding groups these companies should be included in. As regards the privatization of the tobacco industry, R. Jagielinski favors limiting participation by foreign capital to one-third of shares [in the to-be-privatized tobacco factories] and hopes to gain greater preferences for farm producers, such as, e.g., granting them gratis 10 percent of shares. Irrespective of the success of these wishes, the prime minister voiced the hope that the privatization of the tobacco industry will proceed rapidly and efficiently.

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SRI Head Replaces 'D' Division Leadership

AU0906154595 Bucharest EVENIMENTUL ZILEI in Romanian 2 Jun 95 p 16

[Article by Carmen Istrate: "Virgil Magureanu Replaces the Entire Leadership of the Surveillance-Investigations Division"]

[FBIS Translated Text] Two days ago, the entire leadership of the Surveillance-Investigations Division of the Romanian Intelligence Service [SRI] was replaced with new personnel. The reasons behind this spectacular move by the SRI director, Professor Virgil Magureanu, was not disclosed even to the members of the parliamentary panel exerting control over SRI activity, which announced the news in a flat style.

The only thing that is certain is that the former chief of that division, Colonel Tolos, used to report about the carrying out of their tasks directly to the SRI director, rather than via his deputy, Lieutenant General Victor Marcu.

The new chief of the "D" Division, Colonel Rusan, used to be the head of the Sibiu County section of the SRI.

It is extremely interesting that, shortly before Virgil Magureanu's decision was announced, one of the members of the "D" Division leadership was transferred to the intelligence unit of the Interior Ministry, UM [Military Unit] 0215, which is headed by Lieutenant General Dan Gheorghe.

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Federal

U.S. Euphoria Over Rescued Pilot Criticized

LD1006142495 Belgrade TANJUG Domestic Service in Serbo-Croatian 0018 GMT 10 Jun 95

[By TANJUG correspondent Dejan Lukic: "After the Rescue of the U.S. Pilot: The Night Clinton Relaxed; National pride, official and media euphoria, and giving exaggerated significance to the case of Captain O'Grady. The flight took place at the wrong time, in the wrong place, and for the wrong political reasons."—TANJUG headline and introduction]

[FBIS Translated Text] Washington, 10 June (TANJUG)—Sixty thousand U.S. soldiers, including hundreds of pilots, were killed in Vietnam and later on various battlefields and crisis flashpoints in the world, but there are few here who can recall the degree of national ecstasy provoked by the rescue of one pilot.

Captain Scott O'Grady was struck off the missing list after six days of wandering around and hiding in remote parts of western Bosnia, and returned to life on a U.S. ship in the Adriatic. Clinton, receiving the news of the rescue of the pilot at one o'clock in the morning, woke up the person who cooked all this up, National Security Adviser Anthony Lake. On the Truman balcony of the White House, in semi-darkness and in ecstasy, the president and his adviser smoked cigarettes, and breathed deep sighs of relief and happiness.

The next day Clinton was to say that at this moment he was "ecstatically happy."

On that day (Thursday) [8 June] Washington and the United States were at fever pitch, with rhetorical tones coming from high places.

Clinton called Captain O'Grady and his rescuers "real American heroes."

When Clinton called him, O'Grady said that the United States was "the greatest country in the world" (understandable), whereupon Clinton let out the sacred word "Amen."

The president's defense secretary, William Perry, a person who usually speaks in measured tones, "went completely off his rocker: We go there in the middle of the night, we pick up soldiers, we bring them out, we put them somewhere safe, and we go home."

This elation related to the possibility that the Americans might repeat this performance, which Senator Jessie Helms called a great show "right out of the textbook," and free the UNPROFOR [UN Protection Force] hostages.

Perry immediately corrected him and tried to persuade the furious senators and congressmen that U.S. troops would not land on Bosnian soil except to carry out a very limited mission to extricate UNPROFOR in the event of possible trouble. This would happen only if the allies requested it and if Congress approved it in advance.

The eruption of emotions, the general national elation, Clinton's midnight cigarette (he does not normally smoke) with Lake on the White House balcony, Perry's error, and the media uproar which meant that at one time all 56 TV channels were shaking with the news about O'Grady: This was indeed material for close political psychoanalysis.

O'Grady, compared to the tens of thousands who have fallen, including a good number rescued from captivity, is not much of a reason for expressing the national greatness of the most powerful country in the world. But it seems that the shooting down of one of its planes and the rescue, after six Robinson Crusoe-like days, was like manna from heaven and allowed the White House and those lower down to restore the national belief that the United States is unassailable everywhere and in everything.

O'Grady, obviously, is medicine for the Somali wound, where U.S. rangers experienced catastrophe while on a similar helicopter mission against denounced Somali leader Aidid. The incident led to the urgent decision that the Americans should withdraw, but deep wounds remained.

They did nothing in Bosnia, and Clinton's policy is suffering terrible blows from criticism and condemnation in Congress, in public, and in the media. The air strikes crudely dictated by Anthony Lake to the allies and the United Nations led to the further draining away of U.S. credibility, especially after the Serb response when they took the hostages. Then O'Grady was shot down in a powerful F-16—one debacle followed another.

When the euphoria dies down, and clear thought is expressed in the cool light of day, there is every chance that these complexes of hurt U.S. pride will be shown to be the true motive for this unusual and grotesquely exaggerated national celebration of the heroism of the people and weaponry used to rescue one single pilot. No one tried to capture him when he fell onto Bosnian soil.

O'Grady, even if only in a small way, is nevertheless some kind of compensation for Somalia, Bosnia, and so forth. But this firework display of euphoria was welcome in serving to further delay facing the truth that the captain from the far-off state of Washington on

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the U.S. Pacific coast was flying at the wrong time, in the wrong place and, above all, for the wrong political reasons.

Bildt Urged To 'Respect' Rights of All Sides

LD1106123295 Belgrade TANJUG in English 1157 GMT 11 Jun 95

[By diplomatic editor Zoran Jevdjovic; "pool" item]

[FBIS Transcribed Text] Belgrade, June 11 (TANJUG)—In dealing with the Yugoslav crisis, many politicians and diplomats have failed in their missions and soon disappeared from the public scene, often after fervently biased conduct.

The crisis has lasted too long and is too complicated to be resolved in the interest of one of its protagonists alone and by turning a blind eye to reality.

As a rule, generals who were in command of the U.N. Protection Force have stepped down before their mandate expired, unable to bridge the gap between the reality on the ground and expectations of powerful politicians to act according to their black-and-white views of the aggressor and victims.

It was precisely those who had the power to decide, who, after stepping down, criticized the international community the most.

Former U.S. Secretary of State James Baker, contrary to the peristent and unrealistic U.S. stands, has testified before a U.S. Senate committee that Slovenia's and Croatia's unilateral secessions had triggered the war in the former Yugoslavia.

That has, perhaps, prompted Lord David Owen to say before resigning as co-chairman of the international conference on the former Yugoslavia that he would not take lessons from the United States, whose policy toward Yugoslavia has so far been confused and dangerous.

Owen's case may inspire considerations of a different attitude. Before taking office as international mediator in the summer of 1992, Owen was viewed as a hawk who urged tough military actions against the Serbs.

However, he ended his mission as a mediator to whom everyone, except some U.S. and Croatian circles, give credit for impartiality and effort to help settle the crisis in a realistic way.

The new E.U. mediator, Swedish opposition leader and former Prime Minister Carl Bildt, should do well to bear all of this in mind.

There is no escape from reality and the only way to succeed is to equally respect the rights of all constituent peoples of the former Yugoslavia. It is the only possible way of ending the war and securing a just and durable peace.

Official British sources had a good reason in assessing after the release of a group of captive U.N. troops in Bosnia that Serbia's strength and stability is the crucial factor for stability in the Balkans.

Yugoslavia will continue to pursue its policy of peace and search for solutions that would bring an end to the war and create conditions for including all parts of the former Yugoslavia in the European and world processes of integration. It remains a constant regardless of pressures or commitments of foreign factors.

This should be considered by all future mediators if they want to maintain a good political rating and help restore peace. Success is the only thing that counts in political actions and mediation. A clash with the interests of the peoples of the former Yugoslavia, including the Serbs, can therefore hardly lead to success.

Bulajic, Brankovic Hold Talks in Japan

LD0906211395 Belgrade TANJUG in English 2030 GMT 9 Jun 95

[FBIS Transcribed Text] Tokyo, June 9 (TANJUG)—Japan is looking forward towards sending at the soonest a parliamentary delegation to the Federal Republic of Yugoslavia to see for itself the situation and all aspects of the crisis in the former Yugoslavia, including adverse effects of the U.N. sanctions against the F.R. Yugoslavia.

This was pointed out on Friday by Asahiko Mihara and Takashi Kosugi, senior officials in the parliamentary committee on relations with foreign countries, in their talk with Deputy Yugoslav Foreign Minister Radoslav Bulajic and Ambassador Branko Brankovic who are on an official visit to Tokyo.

Bulajic and Brankovic conferred on Friday also with representatives of the Japanese Foreign Ministry, Kanematsu Corporation, and the Social-Democratic Party. This party otherwise is member of the ruling coalition while its president is Japanese Prime Minister Murayama.

Japanese diplomats have very favourably assessed the peace policy of the F.R. Yugoslavia just as Serbian President Slobodan Milosevic's engagement in the freeing of U.N. peacekeepers who had been taken prisoner by Bosnian Serbs following NATO air strikes.

In all these talks the Japanese side's concern about the resolving of the conflict in Bosnia through negotiations,

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the soonest possible release of all detained U.N. peacekeepers, the lifting of sanctions against the F.R. yugoslavia, the returning of the F.R. Yugoslavia to the international community, and about the promoting of bilateral cooperation once the sanctions were lifted.

The Yugoslav delegation on Saturday would resume its tour of Asia and the Pacific on which it would also visit South Korea, Australia, India, Myanmar, and Sri Lanka.

Yugoslav, Bulgarian Army Generals on Relations

LD0906201695 Belgrade TANJUG in English 1930 GMT 9 Jun 95

[FBIS Transcribed Text] Belgrade, June 9 (TANJUG)—Assistant Yugoslav Army Chief of General Staff Lt. Gen. Nedeljko Copic said Friday that cooperation between the Yugoslav and the Bulgarian Army was undoubtedly important to peace and stability in the Balkans.

Lt. Gen. Copic was speaking at a reception in honour of a Bulgarian delegation of reserve officers and non-commissioned officers.

The Serb people urges peace and cooperation and does not seek more rights than those granted to other peoples, but should never again allow to become a toy in big powers' hands or let others determine its interests, he said.

Copic said the Yugoslav Army was mainly engaged in maintaining combat readiness and was capable of defending the country's freedom and sovereignty successfully from all kinds of threats.

Gen. Angel Angelov, who heads the Bulgarian delegation, backed Yugoslavia's efforts to help resolve the crisis in the former Yugoslavia peacefully.

In this context, he urged an immediate and unconditional lifting of the sanctions against Yugoslavia, which he said incurred losses on the Balkan region as a whole.

The two countries' delegation signed in official talks on Wednesday a cooperation deal that puts emphasis on 'cherishing and promoting good-neighbourly relations and strengthening security in the Balkan countries.'

Both delegations welcomed a position by the Bulgarian Government and its defence minister to the effect that Bulgaria would in no way allow foreign troops to use its territory or participate in armed conflicts in the Balkans.

Djindjic Notes Condition for Bosnia Recognition

LD1106121595 Belgrade TANJUG in English 1127 GMT 11 Jun 95

["Pool" item]

[FBIS Transcribed Text] Nis, June 11 (TANJUG)—Yugoslavia should recognize Bosnia-Herzegovina if the Bosnian Serb Republic is guaranteed political independence within a union or confederation of Bosnia-Herzegovina, Serbian opposition Democratic Party (DS) leader Zoran Djindjic said here Saturday [10 June].

"We believe that such recognition would have positive effects," Djindjic told a news conference. He said that if the Bosnian Serb Republic was not guaranteed political independence, the recognition would be interpreted as a support for a unitary Bosnia-Herzegovina and would deepen the crisis.

The international "Contact Group" for Bosnia, which does not have a unique stand on the issue, must guarantee independence to the Bosnian Serb Republic in the political part of the plan if it wants to overcome the crisis in the peace process, Djindjic said.

Albanian 'Economic Emigres' Return Allowed

LD0906185495 Belgrade TANJUG in English 1759 GMT 9 Jun 95

[FBIS Transcribed Text] Pristina, June 9 (TANJUG)—The officials of the Serbian province of Kosovo and Metohija said on Friday that the ethnic Albanians who fled to the West as economic emigres could return to Yugoslavia without any particular procedure, as do other citizens of Yugoslavia.

Deputy chief of the Kosovo district Milos Nesovic and the provincial information minister, Bosko Drobnjak, said this in talks with Alfonso Cook, the rapporteur of the Council of Europe parliamentary assembly and member of the parliamentary refugees commission.

However, the return of those ethnic Albanians who left Yugoslavia after 1990 is a political question to be settled within the laws of Yugoslavia and Serbia, relevant to current international practice, said Nesovic and Drobnjak.

The officials said the ethnic Albanians who had sought political asylum in the West and claimed to have been forced to flee were wanted by police for having committed some crime, and volunteer fighters for the Croatian and Muslim side against the Serbs in Croatia and Bosnia-Herzegovina were cases to be resolved separately with the interested countries.

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The cases of those ethnic Albanians whose passports were issued in the former republics of Yugoslavia would also be dealt with separately.

Serbia

Coalition Partner Views Events, Negotiations

AU1206072195 Belgrade TELEGRAF in Serbo-Croatian 7 Jun 95 p 13

[Interview with New Democracy Party Chairman Dusan Mihajlovic by Slavko Curuvija; place and date not given: "Milosevic Is Negotiating Skillfully and Appropriately; the Information About His Agreement With the West Will Be Published Soon, But When, What, and How To Publish It Will Be Carefully Assessed"]

[FBIS Translated Text] [Curuvija] Do you, as the coalition partner of President Milosevic, know how the political horse-trading with the United States in connection with the recognition of Bosnia-Herzegovina is unfolding?

[Mihajlovic] I do not know and I do not think that it is necessary for me to know it. What is much more important for us is that the negotiations comply with the orientation of our party, and it is well known what is the orientation of New Democracy. We have been opposing the dissolution of Yugoslavia and the war since its very beginning. We do not think that anything can be achieved or solved in the former Yugoslavia by military methods. The only solution is to hold peace talks, the basis of which should be the Contact Group plans, the removal of the sanctions imposed against Yugoslavia, its international recognition, and its return to international political, economic, and financial institutions.

[Curuvija] What has been going on recently—that is during the past month—in the cabinet of your coalition partner?

[Mihajlovic] President Milosevic is trying to maximize the Serbian position in the present negotiations. I think that he negotiates skillfully and appropriately. The talks are entering the final stage now and they, as far as I am informed, satisfy the interests of both the Serbs and other sides participating in the talks.

[Curuvija] What is the minimum below which your coalition will not go in these talks?

[Mihajlovic] The minimum must certainly be the lifting of all sanctions. The United States has—under pressure from Russia, France, and England—finally realized that the lifting of the sanctions must be a prerequisite for a constructive Yugoslav participation in the search for a solution to peace.

[Curuvija] What is the minimum regarding the future map of Bosnia-Herzegovina?

[Mihajlovic] The union of two entities, the Muslim-Croatian Federation and the Serbian Republic, with the right of both of these entities to establish confederal links with their home-countries. The Serbian Republic will retain its army, police, and administration.... It is well known that armed forces are the basis of every state and its sovereignty. The core of the problem and solution lies in the relation of power; a solution cannot be a piece of paper. It is well known what the military situation was like a year ago and who had what portion of the territory. Why is the game of "take it or leave it" being played? These [territorial] solutions are basically a part of the Contact Group plan too. Things are developing well, in spite of the fact that some [opposition leaders] were very particular toward us....

[Curuvija] Who do you have in mind?

[Mihajlovic] I mean the Serbian Republic leadership and the Serbian opposition: Djindjic, Kostunica, Seselj.... You certainly remember that they claimed that confederal links with Serbia were not guaranteed and similar things. Diplomacy is a painful and a long-lasting process.... Let me remind you that the struggle against the Turks started in 1804, and that the international recognition came not earlier than in 1878.

[Curuvija] Are you pleased with the manner in which Milosevic is negotiating?

[Mihajlovic] It does not make sense to tell one's opinion about it. I would negotiate in another way, completely different. The question is too hypothetical. I am interested in the result, however, and I think that Milosevic will achieve the result.

[Curuvija] Do Karadzic and his Pale team help or hamper Milosevic's work in Belgrade?

[Mihajlovic] They hamper it, unfortunately. The Serbian citizens cannot be hostages of the Pale leadership. In my opinion this is a tragic misunderstanding of the reality we are confronted with and irresponsible behavior toward our national interests as a state, and if you want, toward normal interests of the people. These people do not seem to understand that a large part of the Serbs will live in Tudjman's Croatia or Alija's Bosnia after these negotiations are over. Who is entitled to abandon these Serbs and why should he be entitled to abandon them? The most painful for me is the recognition, however, that a conflict between personal interest and ambitions is hidden behind it, as this has always been the case in the Serbian history. Some people have obviously made

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it a task for themselves to enter the history books as new liberators and unifiers of all Serbs.

[Curuvija] Did Karadzic visit Milosevic several weeks ago?

[Mihajlovic] I do not know, I was absent.

[Curuvija] What about Mladic? There are rumors that he changed over to Milosevic's side?

[Mihajlovic] I read about it in the paper, just like you did.

[Curuvija] When will the information be published that President Milosevic has finally made an agreement with the West?

[Mihajlovic] Soon. It will, however, be carefully assessed when, what, and how to publish it. Several weeks will pass from the moment the agreement is made until its materialization.

[Curuvija] I have heard that President Milosevic will wait for Seselj to hold his demonstration in front of the Federal Assembly in Belgrade.

[Mihajlovic] I think that this is a fabrication of those who look at politics with naive eyes.

[Curuvija] Are Seselj and his party strong enough to spoil any of the things for which President Milosevic is working at the moment?

[Mihajlovic] The orientation of the Serbian Radical Party [SRS] cannot bring any good, but, fortunately, it cannot disable the peace process either. On the other hand it is true that it can do the Serbian people much harm, because it disseminates the illusion among the people across the Drina River that it will come to an upheaval in Serbia, in which the government will be overthrown and Serbia get involved in the war on their side, that we shall lose our lives there.... One of the SRS deputies said in the Federal Assembly recently that "it was impossible to shed blood in Bosnia without shedding it in Belgrade!" I do not think that the Serbs in Serbia share the opinion of Mr. Seselj and are ready to wage a war for anybody's ambitions. Serbia will not decide to wage a war; it will neither make the decision to have ethnically clean territories. This is not a part of Serbian tradition. Unfortunately, Serbian tradition has been ruined by this war, the Serbs are not only victims and honorable defenders any longer, as they had always been during the history. We have done many things we shall be ashamed of tomorrow when the events of the last several years are summarized. Taking of hostages is not in the spirit of Serbian history. Such things have so far been made only by fanatic Muslims and they have always been assessed as pure terrorism. In other words, we have reached the situation in which we are accused of terrorism, and it was us in the Kolubara battle during World War I who let enemy's doctors pass in order to help their wounded during combat. What the Bosnian Serb leadership is doing now is in my opinion an act of despair and suicidal drive.

[Curuvija] How would you assess Djindjic and his democrats?

[Mihajlovic] I think that they have lost their orientation. Out of a democratic party Djindjic has made something completely different. I would not like to make assessments, however, because I hope that this is only a temporary deviation from their democratic orientation. It is impossible to be a democrat and to support a war at the same time. It is impossible to be a democrat and sell cheap demagoguery. I would not like to comment on other activities. I will be happy if I hear that this is only rhetoric with the aim to pretend to be a patriot in order to obtain new voters in the following election, which Djindjic continuously requires.

[Curuvija] The informed people claim that the Democratic Party winked at socialists and that they were ready to enter a coalition with them before the latest election, but that it was your party that won, since the price of the coalition with you was smaller.

[Mihajlovic] We have always supported the united opposition, that is why we founded DEPOS [Democratic Movement of Serbia], and the Democratic Party did not do such a thing. We were not bothered by their winking at socialists, it was not only winking, they also cooperated with the ruling party before the election. You can probably remember that Djindjic had exceptional privileges, especially in the election campaign. That is why he gained so many deputies. When the election results were published, it became obvious that a historic compromise should be made between the ruling party and the opposition. It is true that—and TELEGRAF recently wrote about it—I supported the idea of DEPOS' entering the government, or that it should accept national compromise based on the reasons both we and the democrats presented during the election campaign.

[Curuvija] The main point of these stories was that you made an agreement with the socialists before the election; your party had by some papers been called the "Movement for the State Security." You allegedly deceived DEPOS, which Vuk Draskovic knew and approved of.

[Mihajlovic] This is the most blatant lie. The shorthand report of the conversation you published is correct. It is, however, not true that the conversation was held before the election. The New Democracy interprets these accusations as an attempt by the culprit to remove

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an unpleasant witness. This is their problem, since the truth cannot be hidden. We, the members of New Democracy know who we are and what we support. We are neither left nor right. We are normal.

[Curuvija] Did you flirt with the socialists before the election?

[Mihajlovic] We did not. Think of how Djindjic's election campaign was presented in the state television. Mr. Djindjic goes somewhere meets with five people. He brings his own cameraman and a television team with him, they make a report which creates the impression that he was awaited by hundreds of people. The cassette is sent to the RTS [Radio and Television of Serbia] and it is broadcast exactly as it was made by Djindjic. Who else would have been granted such a privilege by the socialists if not their future coalition partner? During the same time, I participated together with Vuk Draskovic in various public meetings that were attended by 15,000 to 30,000 people. The RTS cameras filmed Draskovic instead of these people, however. In some of these films it can clearly be seen that Vuk had a quarrel with the cameraman because of that. This is also confirmed by the socialists. I can claim with full responsibility that I did not have any contacts in the sense you mentioned with socialists before the election. This happened only after the invitation for the creation of the government of national unity was published, when Vuk, Djindjic and myself went together for talks with the socialists.

[Curuvija] Did Draskovic oppose your idea about a coalition?

[Mihajlovic] He did. The core of our conflict lay in his assessment that he would lose his image as an opposition leader and consequently also his supporters if he entered the government without the democrats.

[Curuvija] Are the rumors true that Draskovic cooperates with socialists now, or at least with President Milosevic?

[Mihajlovic] You should ask him. As far as I know, there is no organized cooperation between the socialists and the SPO [Serbian Renewal Movement].

[Curuvija] How do you interpret the jokes made by certain socialists who say: "Do not touch Vuk, he is perfect the way he is"?

[Mihajlovic] These are not jokes, these are stupid statements. They are not true and prevent the creation of a better and a more constructive political atmosphere we badly need. I consider Vuk one of the honorable politicians. The only thing for which I can reproach him as a politician is the fact that he behaves like a Mafioso, not like a politician. And politics is the ability to operate with the possible and to get the most from a certain moment. You can see that the people forget things quickly: Seselj lives peacefully now, although he claimed that Croatian throats should be cut with rusty spoons and although he now claims that 100 Muslims should be executed for every dead Serb. I personally tried to convince Vuk that politics is the making of compromises for the purpose of some general interests. I was not successful, however. If he is considered a political loser, he loses because he cannot make the necessary small compromises. Draskovic is the last man who would accept a political deal, in contrast to me, or Djindjic, or Seselj....

[Curuvija] The latter of whom has already made enough deals with the socialists.

[Mihajlovic] Not only deals. He would enter the government immediately if someone invited him.

[Curuvija] What is your coalition with the socialists presently like? Is there something you want to complain about?

[Mihajlovic] If I could give an answer to this question, I would also know the solution to all the fears I have. We are exceptionally pleased with certain things, but we are very unhappy about some others. We are exceptionally happy about the determination that the war is not a solution to the crisis in the former Yugoslavia and that we have to reconcile with the world. We are, however, not happy about all the measures that have been taken. I primarily mean the blockade of the borders. We are also unhappy because of the rift among the Serbs, because of our disharmony. But we are not judges. It will be a task of history to make judgments, and citizens should decide about it in elections to come.

[Curuvija] We in TELEGRAF have learned that Avramovic is leaving, because he is in conflict with Mr. Marjanovic, the prime minister. We have also heard that he is not supported by Milosevic in the conflict with Marjanovic, that it has been agreed that Avramovic should leave, that it only has to be agreed on when and how he should do it.

[Mihajlovic] I shall check on your statement at every address you have mentioned. I hope, however, that the disagreements that exist have not reached the point when a rift is inevitable.

[Curuvija] We have heard that in a recent meeting with Radoje Kontic, which was attended by approximately 20 people but not by Avramovic, Mr. Marjanovic, the prime minister, used bad language about Mr. Avramovic, the National Bank president.

[Mihajlovic] I have heard the same thing.

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[Curuvija] Can you comment on the statements issued by certain high-ranking officials that the author of the economic stabilization program was not Mr. Avramovic but Mr. Nikola Stanic, and that Avramovic became an impediment to the Serbian Government, because of his "interfering" with various things, because of his too big enthusiasm about the program that made him visit unions, companies, and even kindergarten, as it is claimed?

[Mihajlovic] I do not want to comment on the first statement, because it is tasteless. Typically Serbian. The biggest problem in Serbia is that one thing cannot be supported—success. When you succeed in achieving something here, you provoke the rage of your colleagues instead of making them happy. In every field. It is nasty to claim today that Avramovic is not the author of the program. The second statement is true in a sense. It is true that Avramovic enlarged his tasks also to fields he is not in charge of as the National Bank president. He played a political role, the role of the union, the role of the government, the role of the assembly, and the role of the economic science.... He replaced many people by performing these tasks. Was he an impediment to the government? Why should someone who performs a useful job be an impediment? He spared the government and political parties many efforts. Instead of being praised and thanked because he worked with good intentions, we have realized that this did not comply with his constitutional powers. We should think about this atmosphere in the country.

[Curuvija] What will happen with the dinar and with the program if Avramovic leaves?

[Mihajlovic] I would be very sorry if Avramovic leaves. This would make the materialization of the stabilization program more complicated. If the basic idea on which the program is based is changed, and if those powers in the ruling party, in the government, in the Chamber of Commerce, in economic science and elsewhere prevail that think that the state should replace the market again, the New Democracy will not participate in it.

[Curuvija] What does this mean?

[Mihajlovic] We shall withdraw from the government.

[Curuvija] Will this cause a crisis of the government?

[Mihajlovic] No. We shall not overthrow it as long as all the present policy aimed at achieving peace, lifting of the sanctions, and the reconciliation with the world—which is in my opinion even more important than the economic policy—is under way. Peace is the prerequisite for our dedication to the most important task—the economic, social and personal revival. The core of that process—allow me to be a heretic—is not any longer the struggle for "the honorable cross and the golden freedom," but the struggle for privatization.

In order to enable the market to function, it is necessary to abandon social ownership. It should be transformed either into state ownership or private stock companies. The fear that private ownership is inhumane and does not solve the problem of unemployment is not justified. In developed countries there is not the private ownership in the classic sense of the word, in the sense of ownership by one person. A majority of citizens own stock, so that private ownership has become "social" and it successfully performs social functions.

[Curuvija] There is a question I have to ask you in connection with the government, because it is very current. It is claimed that there are five or six people in the government who control the complete Serbian economy. Mr. Svetozar Krstic, the deputy prime minister allegedly belongs to this group.

[Mihajlovic] I would be happy if this were true, because this would be useful for New Democracy too.

[Curuvija] Or at least for Deputy Prime Minister Krstic?

[Mihajlovic] Yes, for Mr. Krstic at least. I can claim with full responsibility that New Democracy does not profit from the alleged participation of Krstic and his company in the economic life in Serbia. I really do not know whether Krstic and his company have some privileges.

[Curuvija] Would it not be opportune to become a little bit interested in this matter. Rumors have it that Mr. Krstic and Minister Dragan Tomic control the complete transfer of commodities, across the Serbian-Macedonian border, for example, and that certain companies make huge profits on it. There are at the same time rumors that the Prime Minister Marjanovic very skillfully makes use of his position of the prime minister and the general manager of the "Progres" Company to the advantage of "Progres."

[Mihajlovic] They would be stupid if they did not work like that. They did not enter the government in order to work day and night there in order to ruin their companies. Was "Progres" not one of the most successful foreign trade companies also before Marjanovic became prime minister. The same is true of the "C-Market" Company owned by Slobodan Radulovic. He has always been very successful in the trade business. What should they do now? Should they share the destiny of big warehouses [not further specified], so that the people could say that they have worked honestly?

[Curuvija] You are avoiding giving an answer. Is it true that the Serbian economy is in command of five

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or six companies: "Simpo," "Progres," "Jumko," "Jugopetrol...," whose managers belong to the top leadership in Serbia?

[Mihajlovic] If you told me the name and the function of the man who claims this, I would tell you why he claims this.

[Curuvija] There are many people who claim this, but let me mention the most powerful among them: Bogoljub Karic.

[Mihajlovic] Maybe because it was "Progres" and not Mr. Karic that got the mobile radio-telephone concession without a public competition? This is the best business in the world, not only in this country. Bogoljub Karic should be the last man, however, who should say something like that. The last man.

[Curuvija] Why?

[Mihajlovic] Because I do not know what a man who earned more than one billion dollars in this country should be unhappy about.

[Curuvija] You said a billion dollars?

[Mihajlovic] Yes, even more than that.

[Curuvija] He says that he earned this money abroad.

[Mihajlovic] Marjanovic also claims that "Progres" does not have any privileges because he is the Serbian prime minister. I personally think that it is tasteless of businessmen to speak in this way about the competition.

[Curuvija] How can someone earn a billion dollars in this country in 10 or 15 years?

[Mihajlovic] There are many people who have earned huge sums of money in this country, according to international standards. The money has predominantly been earned during the recent period, which can be called the initial accumulation of capital. This has been made possible through disorganized privatization and hyperinflation. The money of the population went to the pockets of only several thousand skillful people. You probably know the famous Jewish saying: "Do not ask me about the first million dollars. Everything else is clean."

[Curuvija] Regarding the so-called second stage of the economic program, do you think that Milosevic himself should be protected from hardliners among his closest assistants and in his own party?

[Mihajlovic] Yes, this even more because he is now predominantly working on the most important issue—the stopping of the war and the achievement of peace in the former Yugoslavia.

[Curuvija] You said for TELEGRAF a year ago that Dobrica Cosic's house, who was at that time already a retired Yugoslav president, was one of the most visited "political offices" in Yugoslavia and that you visited it from time to time. What is the situation like in that office one year later?

[Mihajlovic] There are still visitors, but their structure has changed. Unfortunately, our "godfather, the godfather of New Democracy" [Cosic] is fighting too much for certain things that history has not expected from him. Life shows every day that this is one of the characteristics of old people. I mean the vanity, the wish to prove and correct certain things in one's own interest, not because of a concrete need and in the interest of one's own nation.

[Curuvija] Who does not enter this "office" any longer, and who are the new visitors?

[Mihajlovic] I would not like to give you that information.

[Curuvija] Do you still go there?

[Mihajlovic] I have not been there for a long time, but this does not mean that I will not go there soon. I do not change my friends because of politics. It is only natural that people are different. In any case, every conversation with Dobrica is useful, but this does not mean that every political engagement of his is useful and that I should agree with it. Especially not with his recent public statement that the Serbs should not lose this war, because this would annul the results achieved in all previous wars. This is simply not true. Cosic is the author of the statement that the Serbs have always been winners of wars, and losers in peaceful times. In order not to repeat this, we should achieve peace now. I think that the Serbs are predominantly fighting against themselves now. If we want to understand the core of the matter, we must realize that both in Bosnia and Croatia the orthodox Serbs fight against "Muslim" Serbs and "Catholic" Serbs. It is not a big deal that the Orthodox Serbs win over the others, but it is a big deal to find an answer to the question why this has happened and to find ways and means not to produce new Serbs who will wage wars among themselves again. If we fail, we shall soon have the most tragic Serbian-Serbian war: A war between the Serbian Serbs and the Montenegrin Serbs.

I still hope that this Serbian tragedy will teach us a lesson.

National interests and the interests of a state are not identical matters and they are manifested in different ways.

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SPO on Pan-Serb Meeting To Formulate Policy

LD0906182995 Belgrade SRNA in Serbo-Croatian 1527 GMT 9 Jun 95

[FBIS Translated Text] Belgrade, 9 June (SRNA)—The presidium of the Serbian Renewal Movement [SPO] today sent an appeal to the presidents of the Federal Republic of Yugoslavia, Serbia, and Montenegro to urgently convene a meeting with the leaders of the [Bosnian] Serb Republic and the Republic of Serb Krajina [RSK], Patriarch Pavle, the assembly speakers, the prime ministers, and the leaders of the parliamentary parties.

The SPO appeal to Zoran Lilic, Slobodan Milosevic, and Momir Bulatovic, says that the meeting "should look calmly at the dramatic state of the nation and formulate a general policy and stands for everyone involved regardless of human vanity, intolerance and bad memories."

"There can be no strong Serbia or Montenegro without peace and an end to the sanctions, and neither can the Serbs in the [Bosnian] Serb Republic and the RSK be protected nor can our nation be united in the future without such a Serbia and Montenegro," it was said at the session of the SPO presidium chaired by Vuk Draskovic.

The SPO appeal concludes:

"In any case, we are dutybound to our people to bring under control our passions and conflicts and to subordinate fleeting interests to general and everlasting interests of our nation and our homeland."

Serb Radical Party on Unification of Serb Lands

LD1106185895 Belgrade SRNA in Serbo-Croatian 1813 GMT 11 Jun 95

[FBIS Translated Text] Sombor, 11 Jun (SRNA)—The need for "the Serb lands to unite in a single state as soon as possible" was stressed at a rally held by the Serb Radical Party in the main square in the town of Sombor, northern Serbia, today.

Recalling "all the persecution, maltreatment, and arrests suffered by the Serb radicals," Parliamentary Deputy Stevo Dragisic said that "the day of the liberation of our nation is near, after 50 years of tyranny by Josip Broz [Tito] and his followers."

"The Serb Radical Party has resisted all attacks and that is why its victory is certain," Dragisic said.

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